

THE FORCED DISPLACEMENT CRISIS

A JOINT PAPER BY MULTILATERAL DEVELOPMENT BANKS

This report was written by a group of Multilateral Development Banks (MDBs), comprised of the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank (IADB), the Islamic Development Bank (IsDB), and the World Bank Group (WBG). Input was also received from staff of the International Monetary Fund (IMF) and the United Nations High Commissioner for Refugees (UNHCR).

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Abbreviations and Acronyms

ADB	Asian Development Bank
AfDB	African Development Bank
AFR	Africa Region
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EU	European Union
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communications Technology
IDA	International Development Association
IDB	Islamic Development Bank
IDP	Internally Displaced Person
IFC	International Finance Corporation
IMF	International Monetary Fund
IOM	International Organization for Migration
IsDB	Islamic Development Bank
M&E	Monitoring and Evaluation
MDB	Multilateral Development Bank
MENA	Middle East and North Africa
MIGA	Multilateral Investment Guarantee Agency
SDG	Sustainable Development Goal
SME	Small and Medium Enterprises
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
WBG	World Bank Group

JOINT MDB PAPER ON THE FORCED DISPLACEMENT CRISIS

A. Introduction

1. [The Joint Paper](#)

- ***This joint paper aims to define a framework for collective action for Multilateral Development Banks (MDBs) in response to the forced displacement crisis, within the context of the “One Humanity” agenda issued by the UN Secretary General on February 9, 2016¹.*** The paper outlines an agenda for MDBs to further strengthen their contributions, complementing humanitarian, diplomatic and peacekeeping efforts in specific areas where stronger synergies are desirable and possible. It also spells out MDBs mutual commitment to bring the agenda forward and achieve results on the ground, building on their comparative advantages, namely: (i) investments (e.g., infrastructure, service delivery, in schemes which support medium and small enterprises access to finance, job creation and livelihood opportunities, local/national capacity development); (ii) analytical capacity, to help inform public debates and policy formulation; (iii) technical capacity to facilitate project development and implementation; (iv) capacity to leverage public and private financing to support a sustained engagement with fragility prone and currently affected countries; and, (v) convening power, to enable stronger synergies between the various stakeholders involved and to promote regional cooperation. Beside the immediate response, the challenge is to define an effective, evidence-based approach – and to adjust processes and instruments to be able to deliver effectively on this agenda (see Annex III for examples of MDB initiatives under way).

- ***This paper was jointly coordinated by the European Investment Bank (EIB) and the World Bank Group (WBG) and prepared by staff from the following MDBs:*** African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IADB), Islamic Development Bank (IsDB) and the World Bank Group (WBG), all together referred in the report as the MDBs. Input was also received from staff of the International Monetary Fund (IMF) and the United Nations High Commissioner for Refugees (UNHCR). The paper has three main sections focusing on MDBs’ strategic agenda as they attempt to mitigate and/or respond to the crisis (Section B); operational implications of this response in terms of financial instrument, organizational challenges (Section C); and, finally a framework for collective action (Section D). Annexes I to III provide additional definitions and numbers.

2. [Forced displacement as a development challenge](#)

- ***Recent events have drawn the world’s attention to a crisis that has been building up for a long time—forced displacement.*** Beside five million Palestinians, over half of the refugees worldwide originate from Syria, Afghanistan and Somalia – with Sudan, South Sudan, the Democratic Republic of Congo (DRC), Myanmar, Iraq, and Eritrea also accounting for large numbers. Not surprisingly, the overwhelming majority of the refugees are hosted in neighboring countries: Turkey, Lebanon, and Jordan, Pakistan and Iran, Ethiopia and Kenya, etc. Internally Displaced People (IDPs) are also concentrated in a few countries, including Syria, Colombia, Iraq, Sudan, DRC, and Pakistan. However, recent events have demonstrated that the forced displacement crisis cannot be contained in isolated corners of the world, but affects both developing and developed countries. While receiving less coverage due to shifting political and media attention, other regions of the world such as Central America continue to face an exodus of people due to

¹ The “One Humanity” report proposes a set of objectives for the international community to better respond to ongoing crises, including through stronger synergies between development and humanitarian actors.

some of the highest violence and homicide rates in the world. While the crisis is global, it affects some countries and regions disproportionately, and in particular Africa, the Middle East, and South Asia.

- ***Forced displacement² has now emerged as an important development challenge.*** Long considered a humanitarian problem to be addressed by specialized agencies, the issue has gained increased prominence on the international agenda, in large part due to recent events including the Syrian crisis, and the unfolding tragedy across the Mediterranean Sea. There is a growing recognition that short term humanitarian interventions are not sufficient, in part because displacement is often protracted, and need to be complemented by immediate and medium term efforts to alleviate the burden on host community and social infrastructure. Medium and long term measures are also warranted to both address the drivers of forced displacement and to create economic resilience in host countries. Furthermore, those structural issues that force displacement (e.g., insecurity, violence, war) are often the same that, if not tackled, create the conditions for a crisis. While some MDBs are already working to address the drivers of this fragility, the forced displacement crisis presents additional cross-border challenges. In all cases, long-term solutions will be a critical complement to the medium and short-term responses to the more urgent and immediate humanitarian needs of forcibly displaced populations.
- ***The crisis poses a substantial threat to origin and many host countries' development, including the achievement of Sustainable Development Goals (SDGs).*** Refugees and asylum seekers and IDPs often (though not always) end up being among the poorest and most vulnerable of the global population. They are overwhelmingly hosted in developing countries, which puts further strain on these societies in their efforts to reduce poverty and promote development. Their distress can also translate into further risks by increasing the danger of conflict diffusion, instability, and further displacement. The types of engagement that MDBs can have in these two settings can be vastly different. The common actions taken by MDBs will contribute to the fulfillment of the 2030 Agenda and the attainment of the Sustainable Development Goals (in particular SDG16).
- ***Forced displacement is distinct from voluntary migration because of both the motivation for the move and its typical destination.*** The forcibly displaced flee violence and conflict, either by crossing international borders in the case of refugees and asylum seekers or by relocating within their own countries in the case of IDPs. In many cases, they end up in environments where their skills may not be in demand and where they may not even have the right to work. From an economic perspective, for countries facing large shocks, this “mismatch” on the labor market yields a suboptimal outcome for themselves as well as for their hosts. Hence a strong policy response is needed to support labor market insertion to help both the forcibly displaced to overcome their “mismatch” on the labor market and to support host communities which have to manage a demographic and labor supply shock that can unsettle pre-existing equilibriums.
- ***Forced displacement has an important gender dimension.*** Women and girls who are forcibly displaced face specific challenges. Forced displacement is often associated with an increase in female- or child-headed households as well as family separations. Discrimination and gender-based violence, including sexual violence and forced prostitution, are also a threat for highly vulnerable populations. Unaccompanied women and girls, women heads of households and pregnant, disabled or older women may face even higher challenges. Addressing gender disparities proves critical to the consolidation of peace and security in fragile and conflict-affected situations. There may also be important gender dimensions to consider, both in terms of challenges and opportunities, in the process of inclusion in host communities, as well as inclusion in any future decision making process including peace negotiations, economic planning, etc.

² See Annex I for key definitions

- ***Forced displacement also affects children, youth, indigenous people and minorities disproportionately***, according to the UNHCR³. Almost half of the world's forcibly displaced people are children. Children are at a greater risk of abuse, neglect, violence, exploitation, trafficking or forced military recruitment. They may also witness or experience violent acts and/or be separated from their families. Many of the world's refugees and asylum seekers are members of minority groups in their own country. Indigenous groups and minorities are among the most marginalized communities in many societies, often excluded from participation in the socioeconomic life. Exclusion and discrimination are multiplied during forced displacement.

3. [The role of the MDBs and the need to bridge the gap between humanitarian and development efforts](#)

- ***Synergies across humanitarian and development actors need to be strengthened to allow a collective response to emerge***. The displacement crisis is not only a humanitarian issue but also a development challenge. It merits a global response within a revised policy framework for collective action that requires humanitarian, development, security and diplomatic engagement. Achieving outcomes collectively will also call for a shift from the current input- and sector-based coordination model to one that is based on outcomes and comparative advantages over multi-year timeframes.

- ***This, in turn, calls for a rethinking of the synergies between international humanitarian and development actors and national counterparts***. Development actors have an important contribution to make, which is distinct from – and complementary to – the traditional humanitarian and rights-based focus. While some MDBs can help address some of the specific socio-economic vulnerabilities of the forcibly displaced (e.g., catastrophic loss of assets, trauma, lack of planning horizon, status and rights, lack of access to health or education services and lack of economic opportunities in many places of asylum) by means of appropriate investments to support local infrastructures; others will be best positioned to support host countries and communities in their efforts to reduce poverty, promote development, increase fiscal space by supporting greater private investments, or provide appropriate services to forcibly displaced people at a time when host countries and communities have to absorb a large demographic shock which unsettles pre-existing equilibriums.

- ***A development approach to forced displacement has several characteristics***. It takes a medium and long-term perspective and seeks sustainability. It aims to address drivers of fragility and displacement. It aims to go beyond protection and subsistence and to foster economic opportunities. It sees the forcibly displaced and their hosts as economic agents, and as such, places particular attention on institutions and policies. It addresses prevention and aims at building countries' economic resilience to shocks. It aims to build partnerships with and between governments, international organizations, civil society and private sector; the latter in particular can play a central role in providing sustainable livelihoods. It aims at mobilizing and leveraging scarce (public and private) financing resources. But it also has to be part of a broader international effort, including diplomatic, security, and humanitarian components, to be effective.

- ***The development approach to forced displacement can also learn from migration economics*** (see Annex IV). Forced displacement is distinct from voluntary migration in many respects. From an economic perspective, voluntary migrants move to environments where their skills can be used more productively than at home which yields benefits for migrants, host communities, and origin countries. By contrast, those who are forcibly displaced seek safety first and foremost, and many of them end up in locations where there are few job opportunities, typically in economically lagging border regions. This raises a number of challenges for both the displaced and their host communities and often results in secondary movements to urban environments or wealthier countries. Ultimately, the availability of economic opportunities is critical

³ *Working With National Or Ethnic, Religious And Linguistic Minorities And Indigenous Peoples In Forced Displacement*, United Nations High Commissioner for Refugees, 2011

for a successful resolution of these situations. In this respect, important lessons can be learned from the experience of voluntary migration.

- ***Multilateral Development Banks (MDBs) have been gradually rising to the challenge.*** While a development response does not necessarily mean a MDB response, MDBs are already intervening in areas of particular relevance to this crisis. MDBs responses have included a number of measures to address the refugee crisis. Several financial initiatives are already in place, aiming at providing support to displaced people across countries and regions such as the financing of health care systems, education, or social housing and social infrastructures, as well as supporting microfinance institutions lending to refugees and other vulnerable groups. MDBs are carrying out research and studies, both economic and sectorial, to provide the analytical base for appropriate action, including supporting countries to identify appropriate priorities. Recent events further illustrate the increased MDB response to the refugee crisis: at the Supporting Syria Conference in London on February 4, MDBs (e.g., IDB, EBRD, EIB, WBG) pledged up to EUR 40 billion lending to support the region bordering Syria over the next five years. On the eve of the conference, the EBRD hosted an associated event on “Enabling the private sector to support refugee-hosting communities.” A number of financing initiatives focused on the Middle East and North Africa region are under way to support private sector development to provide a better foundation for inclusive growth and resilience in host countries. With regards to Central-America, IADB has been leading the coordination of an unprecedented development plan to tackle severe structural issues sustaining irregular migration. Another concrete example of MDB action is a common initiative to set up a technical assistance facility to support preparation and implementation of projects that alleviate pressure on social infrastructure and promote economic resilience and growth.

B.Strategic agenda

1. [Mitigating the crisis: reducing fragility](#)

- ***Most forcibly displaced people today are fleeing conflict or some other form of widespread violence.*** Empirical data show that violence and insecurity remain key drivers of forced displacement, while economic considerations play a role in determining the destination of the migration journey. Natural disasters, while of a different kind, are other factors that can force people out of their homes and in some cases can contribute to fragility. Reducing fragility is therefore a critical component of a long-term solution to forced displacement.

- ***MDBs need to broaden their support to help effectively reduce fragility risks, including regional spillovers.*** Most efforts to date have focused on countries already in a situation of “observable fragility” and post-crisis situations. Strengthened forms of regional cooperation and international support are critical to success. Lack of opportunities, poverty, economic exclusion, poor governance and youth unemployment are among drivers of conflict and fragility. MDBs and other development institutions should, therefore, address long term drivers of fragility and build resilient economies and institutions at national and sub national levels. Learning from current crises, MDBs will invest in prevention, in close coordination with governments and UN Agencies to define early warning systems to significantly minimize future displacements, in a pro-active manner. Institutional capacities, enabling environment, and youth economic empowerment in countries susceptible to fragility must be strengthened.

- ***MDBs need to provide continued and strengthened support in fragile situations identified as those where there is a recognized risk of escalation into a crisis situation.*** In close cooperation with other international actors, including the UN system (focused mostly on the maintenance of peace and security), the International Monetary Fund (IMF), regional organizations and governments, MDBs have to focus on the reduction of fragility risk and economic vulnerability. Building on their comparative advantages (e.g., technical capacity, convening power, financial leverage), development actors can complement much needed humanitarian aid by dealing with the multiple drivers and risks of continued fragility and on

contributing to better economic resilience. The provision of effective development assistance is insufficient to restore stability at time of the crisis, but it can help mitigate risks of fragility over the medium-term before the crisis arises.

2. Responding to the crisis

- ***Development institutions have an important contribution to make by helping shift the focus to the socioeconomic aspects of the crisis.*** The traditional focus of international efforts – and specifically under the remit of humanitarian and refugee agencies – has been on legal protection and humanitarian support – providing temporary “care and maintenance” and helping the forcibly displaced get back under the protection of a country, through return, inclusion, or resettlement. For the development community, the forcibly displaced constitute a priority because of their specific vulnerabilities, which often results in a poverty trap that affects their ability to seize opportunities. Since such vulnerabilities are specific, traditional poverty reduction efforts may not suffice and special interventions may be needed, where MDBs can play a significant role.

- ***MDBs could, when their mandates and instruments so allow, help strengthen resilience of those who stay behind in their home countries, especially in relatively stable parts of otherwise unstable countries.*** In many crisis situations the overwhelming majority of the population stays behind. But those who stay suffer from increased vulnerability and gradual impoverishment as access to services and livelihood opportunities diminishes. This further reduces their ability to cope with external shocks, to the point that they may have no choice but to leave.

- ***MDBs can help address some of the specific vulnerabilities of the forcibly displaced.*** Such specific vulnerabilities typically include: a lack of planning horizon; a sudden and catastrophic loss of assets, which can have long-lasting consequences; trauma and psychological stress; a temporary legal status or loss of rights which can result in limited freedom of movement, legal restrictions on employment, decreased access to education and health services, and vulnerability to abuse, lack of knowledge about refugees rights in general. While all MDBs are not equipped to provide services in all areas, their expertise in financing investments, including social infrastructures and project preparation, are critical to the overall refugee response. Preventing brain drain by maintaining and supporting the best and the brightest, investing in educating a new cadre of experts to assume responsibility in post conflict era, and providing education opportunities for younger generations in host countries are of high importance for post-crisis recovery and development. To this effect, MDBs can assist by financing education systems, improving access to finance and entrepreneurship services as well as increasing availability of training programs. Finally, MDBs responses to the needs of forcibly displaced people should target the most vulnerable of them: solutions should promote gender equality across all sectors, from girls’ enrolment and retention in school to increased women’s participation in decision-making, livelihoods, etc.

- ***MDBs must help host communities.*** Assistance to host communities is necessary not only to facilitate the acceptance and inclusion of the forcibly displaced, but also to support their own economic resilience and/or poverty reduction efforts and to ensure their own sustainability. With the sudden inflow of forcibly displaced, host communities typically experience a demographic shock. This pressure causes a series of short-term disequilibria across a number of markets (including the labor market) and among social groups, as well as massive overburdening of infrastructure and local services such as education, health, solid waste management, water services and urban transport. These shocks are eventually absorbed and a series of new equilibriums are reached. From a development perspective, the challenge is to help ensure that the new equilibriums can be reached relatively rapidly and that on balance they are better—or at least not worse—for the host community than the pre-existing ones. This typically depends on initial conditions, on the size, nature, and pace of the shock, and on the authorities’ ability to develop adequate policy and investment responses. As such, the focus must shift beyond social protection for refugees to include economic growth in the areas hosting them, so that refugees and local communities can share economic progress. One important aspect regarding the planning of local infrastructure works is the assessment of

how long the forcibly displaced will remain in the host country or region, given that investments required to address additional public infrastructure capacity needs are usually only justified if the higher demand for public services persists over time. If demand is more short term, alternative solutions need to be deployed, e.g. mobile facilities or facilities that can be converted to other use). Furthermore, assistance must be provided to host communities to ensure that once the crisis is over, returning migrants do not fall back into poverty. As forced displacement in host countries requires a global response both in developed and developing countries, recognizing that host countries provide a global good, such response will have to be country specific to take account of their specificities including their level of development.

- ***MDBs can support host communities through various means.*** Support programs can include support for infrastructure and services (including through private sector led financing and provisioning so as to reduce the fiscal burden of governments), technical assistance, job creation, service delivery and social protection, support to enabling business environment to facilitate economic activity. MDBs can blend loans with grants to support municipal infrastructure projects to improve efficiency and sustainability, as well as establish public-private partnerships in health, education, and water and sanitation/waste management sectors. Many projects, including vocational education and skills testing initiatives, will improve access for host communities and forcibly displaced populations alike and MDBs can facilitate opportunities with employers to open up work based learning opportunities for all parts of the communities. Through such initiatives, research shows that the presence of refugees can ultimately greatly increase economic connectivity throughout the region as a whole, particularly following repatriation as language and business links to host communities are sustained. Speedy disbursements from IMF emergency financing facilities can also help host governments handle emerging fiscal and balance of payments pressures. In addition to solutions addressing the needs of host communities and refugees, initiatives that promote social integration also need to be considered. Finally, MDBs can also play an important role through innovative financing mechanisms leveraging both public and private investments.

- ***MDBs can help improve the effectiveness of humanitarian support, by sharing and helping adapt lessons of development experience as well as through research and data analysis.*** Specific areas of focus include: helping ensure that humanitarian aid is effectively targeted to the most vulnerable; promoting the use of cash over in-kind assistance wherever relevant; facilitating local procurement of goods and services as a way to spur economic activity in the host environment; and encouraging a gradual shift towards the use of country systems and overall development strategies, especially for the delivery of basic services, where it is adequate. These interventions must be context specific and include a gender and minorities dimension and pay special attention to education and skills preservation/increase so that the displaced populations preserve their productive potential and can contribute to economic growth in the host countries as well as to the developments in their countries/regions of origin should they return. Support to temporary resettlement of displaced persons-owned microfinance and Small and Medium Enterprises (SMEs) in the host area, and access to market could be part of the solution. MDBs can also benefit from UN agencies experience working on political risk, etc. MDBs experience of building local capacities and empowering host country institutions to provide basic services to displaced communities, will help shorten humanitarian aid operations life cycle and need for funds.

- ***MDBs need to focus on providing the type of support needed to find solutions that are sustainable from a socioeconomic perspective.*** Experience suggests that large numbers of forcibly displaced people do not—and do not want to—return to rural areas and that they instead settle in cities, thus contributing to the global urbanization trend, which in turn creates an even greater need for investments in physical and social infrastructure in cities. Similarly, a significant number of forcibly displaced people may not repatriate in the immediate term, or if they do return to their countries of origin they may resettle in urban centers. Finally, many refugees will not be granted asylum and thousands of people may return thus creating a challenge on the country of origin. From a development perspective, the focus ought to be on helping manage the long-lasting consequences by creating economic opportunities for the forcibly displaced in the places where they have settled. This can be done through the provision of essential services (e.g., electricity,

water, sanitation, health, education). It can also be facilitated by building close partnerships with private sector and civil society actors as well as through innovative approaches such as Information and Communications Technology (ICT)-enabled access to educational and health services as well as digital financial services, online mapping and crowdsourcing tools to mobilize resources, etc. This requires a combination of education, skills, employment, and entrepreneurship programs, which are adapted to these specific groups and developed in close partnership with civil society and the private sector. Private sector networks play an important role in supporting economic resilience in this respect, particularly by providing pathways to work, skills matching, vocational/skills training and various forms of entrepreneurship support. The forcibly displaced often need humanitarian aid in the short term but they also need economic opportunities, which require fostering economic growth in hosting areas as well as enabling them to seize such opportunities.

C. Operational implications

- ***MDBs' effectiveness is directly linked to their ability to develop synergies among themselves, with other international organizations and governments, as well as with the private sector.*** Partnerships are critical to successfully reducing vulnerability and responding to the forced displacement crisis, in particular in contexts where development agendas are subsumed by political negotiations and security concerns. Increased exchanges of information among MDBs and joint sectoral and geographic approaches would increase effectiveness of each institution's programs. Key partners include specialized United Nations agencies (e.g., United Nations High Commissioner for Refugees – UNHCR, United Nations Development Programme – UNDP), other multilateral development banks, the IMF, regional organizations, the private sector, civil society organizations and academia. Beyond close cooperation between international actors, local and national decision makers and stakeholders should be properly involved in order to ensure the buy-in and the sustainability of the solutions put forward beyond the horizon of initiatives and programs put in place by the international community. Ultimately, governments need to be the owners of any policy addressing the forced displacement problem, and bear responsibility for the way they address forced displacement issues.
- ***Existing financing instruments can have significant limitations as tools to engage at the necessary scale in support of forcibly displaced populations.*** Reducing fragility and forced displacement is a global public good, which requires collective action going beyond providing support programs for individual countries, and the effective mobilization and deployment of substantial amounts of financing. The country-based model is inadequate when people live outside of their country: host countries are often reluctant to borrow on non-concessional terms or to use part of their limited grant allocations to address the needs of non-nationals (and to date forced displacement projects have been largely focused on IDPs or host communities, i.e. nationals). More predictability may also be needed to ensure that efforts can be sustained over time. There is also an important “space” where current financial instruments are unavailable or insufficient, for example, to engage at scale in fragile countries which are in non-accrual situations (and from where many forcibly displaced stem), to finance innovative humanitarian-development partnerships, to mobilize significant private investment, to address regional spillovers and conflict systems, etc.
- ***Increased use of grants; guarantees and risk capital for concessional financing and risk mitigation.*** In many countries and regions, the ability to take on further debt to address the forced displacement crisis is low. In order to secure sound public finances, concessional lending for part of the financing may be needed, and the availability of grants for blending may be a crucial factor, in the absence of which the implementation of projects will not materialize. Critical amounts of grants available from donors would make concessional lending possible where needed, in particular in the public sector, but also to mitigate financial risks to enable private sector investment. Guarantees may also be required to enable the debt-related component of blending to materialize. MDBs need to partner with development partners, international organizations as well as the private sector and civil society in order to collectively ensure

maximum impact of donor funds for the benefit of refugees and host countries. Risk insurance (e.g., disaster insurance, multi-purpose micro-insurance) could also help strengthen the resilience of those who stay. Finally, diaspora expertise could also be tapped to facilitate investment of nationals of affected countries including those forcibly displaced, and members of host communities, as part of innovative solutions.

- ***MDBs need to ensure a coordinated and effective use of grants by developing and applying clear and consistent criteria for the application of grant funding and clear conditions relating to the requirements for leveraging.*** Further financial instruments may be developed to address the needs. At the same time, coordination needs must be balanced against the need for donors and MDBs to respond quickly to unfolding crisis situations.
- ***Risks are inherent to an engagement in fragile situations and in support of the forcibly displaced.*** These risks include financial risks, operational risks, security risks, and reputational risks. Yet, while the risks of engagement are high, the risk of inaction is often greater. It is therefore critical to adopt a risk management approach⁴, drawing on techniques used in managing a portfolio of scarce resources in an environment of volatility: resource allocation needs to be flexible, decision-making structures need to predefine roles and responsibilities and to support quick responses and reactions. It is also important to adequately manage security, operational, and reputational risks.
- ***Success over the medium-term is also a function of MDBs' ability to learn.*** This is essential in areas which are inherently complex, such as fragility. Research and the collection of evidence constitute a critical part of the agenda. Further enhancing Monitoring and Evaluation (M&E) frameworks to track outcomes, measure success, and most importantly draw lessons from experience is equally essential. Partnership with UN agencies and other organizations may prove effective in this regard.

D. Framework for collective action

- ***Forced displacement is a global crisis and as such it calls for a global response.*** No individual agency or government or group of governments can address the forced displacement challenge at the scale required. Events in countries of origin and host countries are all linked and cannot be sustainably addressed with responses to individual challenges. Therefore, MDBs should strengthen cooperation among themselves and with other stakeholders to ensure effective responses to these challenges.
- ***Furthermore, the response to new crises should not undermine the response of the development community to other (pre)existing crises.***
- ***There is a clear need for a paradigm shift in terms of how the international community addresses the drivers of forced displacement through diplomatic and peacekeeping processes, proactive development efforts, as well as better planned humanitarian operations and last but not least, to better mobilize, allocate, and deploy assistance across countries.*** While some of these interventions may be best tackled by humanitarian actors, some may actually fall within the realm of multilateral development banks. For example, structural challenges that may contribute to building a crisis can sometimes be addressed through medium and long term development efforts: MDBs can play a critical role in tackling some of those issues that increase vulnerability. Prevention is more effective than responding to destructive crises.
- ***A stronger global governance system is necessary with more predictable ways and means for collective action and support.*** The current international architecture does not provide adequate, predictable support for host countries, even though they are providing a global public good. An effective global response should be underpinned by a comprehensive strategic approach that sets principles for sharing

⁴ The ADB has been applying a fragility- and conflict-sensitive approach to mitigate operational risks. See <http://www.adb.org/publications/peacebuilding-tool-conflict-sensitive-approach-development-pilot-initiative-nepal> and <http://www.adb.org/documents/working-differently-fragile-and-conflict-affected-situations-adb-experience>

responsibilities, optimizes the use of resources, including grants, at a global level, links financing with policy actions, fosters synergies between development and humanitarian actors, and connects the development response with parallel efforts aimed at tackling the roots of the crisis. MDBs are and should be a vital part of the international community response to the global refugee crisis. This should, however, in no way replace or reduce the level of support, including financial support, for countries of origin.

- ***MDBs can collectively contribute significantly to addressing the forced displacement crisis, complementing necessary humanitarian aid and other development agencies.*** Building on their competitive strengths, and in line with their mandates, MDBs can take action in countries of origin and host countries. Collectively, they can ensure an effective use of available funds to address drivers of the crisis and leverage much needed additional resources from both the private and public sectors to the benefit of host countries and refugees. To facilitate this, cooperation may focus on providing the necessary analysis to inform public debates and policy making; developing common responses in areas such as infrastructure, job creation, education, regional cooperation, trade facilitation, entrepreneurship, and microfinance/access to finance; stepping up technical assistance; supporting project preparation and capacity building; and, ensuring coordinated and effective use of financial resources as well as working through and empowering local institutions.
- ***MDBs can build resilience and help developing countries prevent future crises or build the capacity to respond to crisis.*** This could be done by providing analytical and technical support for early warning systems, promoting social cohesion and coexistence, enhancing conflict and crisis management skills, enhancing capacities of national and sub-nations institutions, providing economic opportunities (particularly for youth); or, supporting policy and governance reform.

E. Next Steps

- ***Following the Heads of MDBs meeting, which took place on the margins of the WBG/IMF Spring meetings in Washington DC (April 17, 2016), institutions agreed to focus on practical next steps.*** The first specific contribution MDBs collaboratively agreed to make ahead of the World Humanitarian Summit (WHS) was to produce a short statement outlining their collective commitment building on this paper.
- ***Focusing on concrete areas for collective action.*** To define an action-oriented agenda, MDBs will focus on opportunities around specific areas where joint action is possible. These include:
 - ***Joint country-level engagements*** for both crisis prevention and response – including joint assessment and planning based on synergies and complementarities that reflect MDBs respective comparative advantages;
 - ***Innovative financing*** to strengthen MDBs collective engagement, the first concrete opportunity of which being the MENA Facility (Annex V); and,
 - ***Data and evidence*** to strengthen the basis on which policies and programs are designed.
- ***To achieve their objectives, MDBs should also collaborate with the private sector to increase impact on both host communities and refugees/IDPs.*** The EIB, IFC and EBRD will take the lead in mobilizing private sector resources⁵. The private sector can play an important role in the following areas: (i) strengthening the economic resilience of countries; (ii) making countries more competitive and inclusive; (iii) boosting job creation and livelihood opportunities (including for women); (iv) improving the quality of infrastructure and services and also reducing the financing burden of host governments; (v) fostering

⁵ In line with the recommendations of the report to the Secretary-General from the High-Level Panel on Humanitarian Financing “Too important to fail—addressing the humanitarian financing gap”.

entrepreneurship; (vi) exploring digital technology options including in financial services; and, (vii) raising funding through Corporate Social Responsibility (CSR) avenues of private firms to help both host communities and refugees/IDPs.

- ***Finally, to structure their conversation at working level and ensure adequate follow-up, MDBs agreed to establish a Joint MDBs Coordination Group.*** The Group, composed of representatives of each MDB, will aim to enhance knowledge sharing and foster stronger institutional and operational collaboration and coordination between the seven institutions. The UNHCR will be invited to join the Group as Observer. The Group will meet virtually as necessary but at least quarterly. One of its first tasks will be to identify joint country engagement opportunities. Building on the respective capacity, MDBs shall leverage each other's strengths towards the implementation of projects that generate the highest impact.

Annex I - Definitions

Forced Displacement: Situation of persons who are forced to leave or flee their homes due to conflict, violence, persecution, human rights violations:

- **Refugee:** Someone who "owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality, and is unable to, or owing to such fear, is unwilling to avail himself of the protection of that country." (*1951 Refugee Convention*);
- **Internally Displaced Persons (IDPs):** "Persons or groups of persons who have been forced or obliged to flee or to leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalized violence, violations of human rights or natural or human-made disasters, and who have not crossed an internationally recognized border" (*Guiding Principles on Internal Displacement*)⁶;
- **Asylum seeker** - A person who seeks safety from persecution or serious harm in a country other than his or her own and awaits a decision on the application for refugee status under relevant international and national instruments. In case of a negative decision, the person must leave the country and may be expelled, as may any non-national in an irregular or unlawful situation, unless permission to stay is provided on humanitarian or other related grounds (IOM).

Protracted Displacement: A situation where "more than 25,000 refugees have been in exile for more than five years" (UNHCR)

Economic Migration: "covering all cases where the decision to migrate is taken freely by the individual concerned, for reasons of 'personal convenience' and without intervention of an external compelling factor" (UN ECOSOC Commission on Human Rights)

Mixed Migration: Combination of economic and conflict factors; War affects the economy which in turn affects the decision to leave

Country of origin - The country that is a source of migratory flows (regular or irregular) (IOM)

Resettlement - The relocation and integration of people (refugees, internally displaced persons, etc.) into another geographical area and environment, usually in a third country. In the refugee context, the transfer of refugees from the country in which they have sought refuge to another State that has agreed to admit them. The refugees will usually be granted asylum or some other form of long-term resident rights and, in many cases, will have the opportunity to become naturalized. (IOM)

Returnees are former refugees who return to their own countries or regions of origin after time in exile. Returnees need continuous support and reintegration assistance to ensure that they can rebuild their lives at home. Returnees can also refer to economic migrants who go back to their country of origin.

About 'Climate Refugees': UNHCR has – over time, expressed serious reservations with respect to the terminology and notion of environmental refugees or climate refugees, which according to it have no basis in international refugee law⁷. UNHCR is actually of the opinion that the use of such terminology could potentially undermine the international legal regime for the protection of refugees whose rights and obligations are quite clearly defined and understood. It would also not be helpful to appear to imply a link and thus create confusion regarding the impact of climate change, environmental degradation and migration and persecution that is at the root of a refugee fleeing a country of origin and seeking international protection.

⁶ Unless otherwise specified, this paper only refers to those IDPs who have been affected by conflict or violence.

⁷ Climate change, natural disasters and human displacement: a UNHCR perspective, www.unhcr.org/4901e81a4.pdf

Annex II - Key Facts and Figures⁸

By end-2014, 59.5 million individuals were forcibly displaced worldwide as a result of persecution, conflict, generalized violence, or human rights violations. This is 8.3 million persons more than the year before (51.2 million) and the highest annual increase in a single year.

An estimated 13.9 million individuals were newly displaced due to conflict or persecution in 2014. This includes 11.0 million persons newly displaced within the borders of their own country, the highest figure on record. The other 2.9 million individuals were new refugees.

For the first time, Turkey became the largest refugee-hosting country worldwide, with 1.59 million refugees. Turkey was followed by Pakistan (1.51 million), Lebanon (1.15 million), the Islamic Republic of Iran (982,000), Ethiopia (659,500), and Jordan (654,100).

59.5 million forcibly displaced worldwide:

- 19.5 million refugees (14.4 million under UNHCR's mandate 5.1 million Palestinian refugees registered by UNRWA)
- 38.2 million Internally Displaced Persons
- 1.8 million asylum-seekers

Developing regions hosted 86 per cent of the world's refugees – at 12.4 million persons, the highest value in more than two decades. The Least Developed Countries provided asylum to 3.6 million refugees or 25 per cent of the global total.

More than 5.9 million refugees under UNHCR's mandate (42 percent) resided in countries where the GDP per capita was below USD 5,000.

⁸ Source: Internal Displacement Monitoring Centre (IDMC) of the Norwegian Refugee Council (NRC), UNHCR Global Trends 2014

Annex III - MDBs initiatives under way

With sudden and significant inflow of refugees, pressure on host communities tends to increase beyond capacity. MDBs have an important role in complementing necessary humanitarian aid with financing for social and economic infrastructure and services, job creation and economic growth, in order to increase resilience. Through adequate financial instruments, and recognizing the need for providing concessional financing where necessary, MDBs can crowd-in necessary financing from third parties, including private investors, thus leveraging investment and enhancing development impact

MDBs responses have so far included a number of measures to address the refugee crisis. Several financial initiatives are already in place, aiming at providing support to displaced people across countries and regions. Important efforts have also been made to strengthen project preparation facilities to help building a pipeline. Below is a non-exhaustive list of MDB initiatives in response to the refugee crisis.

1. African Development Bank (AfDB)

From Fragility to Resilience

The AfDB has adopted the Strategy for Addressing Fragility and Building Resilience in its regional member countries for the period 2014–2019. The Bank recognizes that fragility is not limited to a nationwide phenomenon but can occur as pockets of conflict as a result of exclusionary practices and could therefore result in national or regional instability. Currently, more than 250 million Africans are affected by fragility, with significant regional spill-over effects: political instability, security threat, refugee's displacement, high migration. Bank's intervention addressing fragility is focusing on following area:

- (i) Strengthening state capacity and establishing effective institutions;
- (ii) Promoting resilient societies through inclusive and equitable access to employment, basic services and shared benefits from natural resource endowments.
- (iii) Enhancing the Bank's leadership role in policy dialogue, partnerships and advocacy around issues of fragility

The Bank has developed several programs over the years which seek to reintegrate displaced communities and refugees in their host countries in situations of prolonged conflict or as a result of disasters such as the floods or the recent Ebola pandemic. Response to address the needs of displaced or refugees as a result of conflict and fragility is complex and needs substantive high level political leadership to continue to support the livelihoods of the affected population.

Response to forced displacement

Direct support to refugee's crisis: The Bank Group has traditionally used emergency relief assistance which is financed by the Special Relief Fund (SRF) established by the Board of Governors of the Bank in 1974 as a Special Fund with a maximum of 1 million dollars by operation. Typically, emergency relief operations are characterized by the need for prompt remedial actions to save and protect lives, salvage property and minimize the destruction of basic infrastructure. Operationally, the design and delivery of Bank Group assistance for relief operations will be entrusted to the appropriate organizations operating in the field at the time (e.g. WFP, UNHCR), or an appropriate government agency or NGOs. In the specific case of refugees, few operations have been developed:

Migrants Crisis due to the Libyan revolution and the AfDB answer in terms of Emergency Assistance: since the force of the Arab Spring has spread across numerous countries in the region 790,000 migrant workers and their families have crossed the Libyan border into other countries, and especially Tunisia, to escape the ongoing violence. The massive outflow of migrants fleeing the violence in Libya represents one of the largest migration crises in modern history. To help deal with the crisis, The Bank has approved in March 2011, from the Emergency Humanitarian Response Fund (ERF), a USD 1 million humanitarian emergency

assistance grant to the International Red Cross Committee (ICRC) and the Tunisian Red Crescent (TRC). The ICRC and the TRC are been charged with administering the Bank assistance to the displaced people at the border. The grant helped to improve logistics such as increased sheltering capacity, purchase of vehicles and supply of blankets. On the medical front, health facilities such as medical kits and water and sanitation systems helped also to prevent the spread of epidemics.

The Emergency Humanitarian Assistance from AfDB to Refugees from Burundi: On March 2015, the political crisis led to the flight of the first wave of refugees to Rwanda. Statistics from UNHCR and MIDMAR indicate that Burundian refugees had edged slightly over 70,000 by September 2015. Rwanda's Ministry of Disaster Management and Refugee Affairs (MIDIMAR) created two reception centers to facilitate immediate emergency services. Both centers are near the Rwanda-Burundi border. Due to the emergency, the Government of Rwanda and AfDB signed on January, 2016, a USD 1 million emergency assistance grant to Burundian refugees in Rwanda. The emergency support will contribute to: (i) Ensuring timely supply of fire wood in the refugee camps in order to mitigate the consequences related to the insufficient quantity of firewood as it results in conflicts with the host communities; and (ii) Promoting the use of alternative sources of energy such as the supply of energy saving cooking stoves to reduce biomass consumption and ensure environmental sustainability.

Voluntary migration programs

Intra-regional mobility and Migration Policies: The African Development Bank is supporting the Economic Community of West African States (ECOWAS) Commission, in developing a common migration policy for ECOWAS. In 1979, the ECOWAS Commission adopted the Protocol on Free Movement of Persons. The citizens of ECOWAS are among the most mobile in the world, and trends indicate that they mainly migrate within the ECOWAS region. However, recent labor and migration trends have begun to reveal gaps in the Protocol of Free Movement. This is especially so with respect to the Rights of Residency and Establishment, as well as issues of the mutual recognition of qualifications, which neither facilitate social mobility of the migrants, nor leverage migration for development both in receiving and sending countries. These issues pose a major policy challenge. AfDB is supporting the development of a modern day migration policy that responds to the aspirations of the region's citizens.

One of the Bank's priorities is to improve the quality of live for the people of Africa. The human development portfolio has 90 operations valued at US\$ 2.32 billion, out-of-which 34% is devoted to entrepreneurship promotion, job creation, and provision of social safety nets for the vulnerable. In 2015, alone, the Bank's Boards of Directors approved 20 new operations, amounting UA587 million; which includes 5 small projects (UA3.35 million) related to either emergency relief, economic and sector work and technical assistance to RMCs through MIC grants. The other 15 projects supports (i) skills development and technology to foster the gains of the Africa's demographic dividend and meet skills level required by the private sector including emerging industries (Angola, Eritrea, Kenya, Zambia); (ii) improved quality and efficient service delivery in social sectors (Ethiopia, Malawi, and two projects in Sudan), and (iii) Foster entrepreneurship, job creation and providing social safety nets for the vulnerable (Djibouti, Central African Republic, Tunisia, South Africa, a regional Ebola project, and two projects in Togo).

New perspective of intervention for AfDB: the "Jobs for Youth in Africa" Strategy

In order to scale up the impact on jobs for youth in the continent, the Bank is leading the design of a catalytic initiative- "Jobs For Youth in Africa"- as part of solutions to unprecedentedly leapfrog employment creation for Africa's youth bulge. This is a continental initiative to significantly scale-up access to productive and decent jobs on the continent, thereby helping tackle the underlying push factors for migration in Africa. The vision of the initiative is to equip Africa's youth to realize their economic potential and drive economic transformation and inclusive growth across the continent. The Initiative seeks to bring more scale, focus, and structure to current efforts in addressing the youth employment challenges in Africa anchored on three sectors prospective economic including agriculture, industry and ICT. The Initiative leverages AfDB's unique role as a bridge between public and private sectors in Africa and is underpinned by a dedicated

funding facility. An estimated 60 million youth are envisaged to be reached by this strategy with a USD 5 billion investment facility and 28 million jobs (direct, indirect and induced) are expected to be created over the next decade under Employ Africa. As part of Jobs for youth strategy, the Bank had developed jointly with EIB, Boost Africa is a new initiative to promote innovation and entrepreneurship in Africa. By applying a blended finance principle, coupled with synergic interventions in the area of capacity building and ecosystem development, the fund of funds will push the boundaries of the two institutions by taking greater risk and invest into venture capital, impact investing and business angels network across the continent.

The AFDB was also mandated by African Union (AU) to leverage its technical, financial and operational strength through projects and programs to address labor market issues⁹.

2. Asian Development Bank (ADB)

Response to Fragility

Under its Operational Plan for Enhancing ADB's Effectiveness in Fragile and Conflict-Affected Situations (FCAS), ADB is working to: 1) make country strategies and plans for all FCAS countries more fragility- and conflict-sensitive; 2) strengthen human resources for FCAS operations; 3) seek to augment financial resources for FCAS countries; 4) adopt differentiated flexible business processes for FCAS activities and develop an appropriate risk framework; 5) develop customized institutional strengthening framework for FCAS countries; and 6) refine its approach to identifying FCAS countries by harmonizing its method of classifying ADB developing member countries as FCAS countries with methods used by other multilateral development banks. This last action will allow ADB to better coordinate its assistance with the operations of other development partners in the countries concerned.

Response to Forced Displacement and Voluntary Migration Programs

Among ADB's developing member countries, Afghanistan is one of the three that account for half of the refugees worldwide. Meanwhile, Pakistan is among the countries with the highest numbers of internally displaced persons (IDP). ADB's operations in these two countries are not designed to directly address refugees and IDP. However, ADB support to economic growth, access to markets and services, and job stimulation (through better transport, improved access to electricity, and greater agriculture productivity) can make a contribution to mitigating displacement and migration. ADB financing and technical advice has helped to establish some of the enabling conditions for private sector development, while also contributing to sustainable job creation, thereby improving resilience.

ADB's engagement in Afghanistan is based on a medium and longer-term development strategy to support the country's economic and social development and poverty reduction. In particular, ADB aligns its support to the country government strategy by promoting inclusive growth through regional infrastructure investments. These investments support higher economic growth, connecting poor people to markets, and increasing access of poor people to basic productive assets and social services.

Priority sectors for ADB support are transport, energy, and agriculture and natural resources. Work in these sectors is accompanied by institutional capacity building and governance improvements. ADB remains committed to Afghanistan for the long-term, and will continue with its focused strategy to contribute to improved domestic conditions and economic opportunities for the Afghan people.

Specifically, investment projects and TAs in *transport* have incorporated inclusive growth strategies that provide livelihood and employment opportunities and increased access to social services among vulnerable and disadvantaged groups, including poor farmers and women.

⁹ In the framework on the continental wide Joint Youth Employment Initiative for Africa (JYEIA) launched in 2011 with AU, AFDB and ILO.

ADB's *energy* projects in Afghanistan aim to improve the electrification rate, increase energy security, and facilitate regional trade and cooperation. Greater availability of cheaper, more reliable energy will boost productivity at home and in the workplace, reduce the cost of doing business, create more jobs, promote greater technology adoption, enable the production of more higher-value products and exports, and expand economic activity into rural areas.

ADB's investments in *agriculture and natural resources* continue to improve connectivity with markets and address critical gaps, thereby increasing the performance and efficiency of key commodity value chains, and enhancing quality for both domestic import substitution and export of commodities. These investments directly benefit thousands of rural poor and generate on-farm employment.

Private sector investments and private sector development have also been a part of ADB's activities in Afghanistan. Key successes have been in the telecommunications and banking sectors, leading to the development and expansion of Afghanistan's mobile telecommunications sector and infrastructure, catalyzing the entry of more financial institutions into Afghanistan's financial sector, and creating new jobs.

The government views ADB's primary role to provide the lead in infrastructure development, transport (road and rail), energy, and water resources/irrigation. This puts in place the enabling conditions for medium- and long-term inclusive economic growth and improved service delivery, private sector development, and sustainable job creation. ADB's lead role in infrastructure is complemented by its administration of the Afghanistan Infrastructure Trust Fund, which has commitments and pledges of over \$800 million to date.

ADB's ongoing and planned projects are already in line with many of the activities under the Jobs for Peace initiative. The (i) \$57 million Northern Flood-damaged Infrastructure Emergency Rehabilitation Project, (ii) \$10 million Community-based Irrigation Rehabilitation and Development Project, and (iii) \$18.5 million Enhanced Value Chains for Sustainable Livelihood and Development Project are all being implemented through community labor and contributing to increased employment and enhanced sustainable livelihood in project areas. These programs also have important gender benefits. ADB's energy and transport portfolio also contribute to substantial job creation through construction and other project related activities.

ADB recently carried out an analysis for the Ministry of Finance in relation to the Jobs for Peace initiative and calculated that all ongoing ADB projects are generating over 7 million labor days for over 120,000 people in Afghanistan. For 2016, ADB is planning several new projects that are in line with the Jobs for Peace Program. These include the new \$61.5 million Transport Asset Management Project in 2016, which will finance operations and maintenance of roads with local communities in the area providing labor for the project. The \$75 million Panj-Amu River Basin Project to rehabilitate irrigation infrastructure will also create rural jobs and promote enhanced productivity and improved livelihoods.

In Pakistan, ADB is working with the Government to improve connectivity, productivity, and access to markets and public services to support more rapid inclusive and sustainable growth to create productive employment opportunities, and reduce poverty. ADB's current strategy focuses on: (i) infrastructure development to improve connectivity, boost productivity, help attract private investments, create jobs, and provide access to markets and basic public services; and (ii) institutional reforms to help mobilize resources, facilitate effective private sector participation, and improve public service delivery. Priority sectors include energy, transport, agriculture and natural resources, water and other urban infrastructure, public sector management, and finance.

ADB's support to Pakistan will help relieve some of the main constraints to inclusive growth, such as energy shortages, impediments to connectivity, deficient governance and institutions, and inadequate access to finance. ADB is helping Pakistan to increase agricultural productivity, and improve the natural resource base in the arid and semi-arid areas of Balochistan, Federally Administered Tribal Areas, Khyber Pakhtunkhwa, and Punjab. ADB is also providing assistance for (i) urban services to help achieve the

Sustainable Development Goals; (ii) provincial roads, railway rehabilitation, and urban transport to provide better access to the less well-off rural and urban population; (iii) cash transfers to poor women under Pakistan's largest social safety net program, the Benazir Income Support Program; and (iv) mitigating the risks of natural disasters and climate change, which disproportionately impact poor people.

3. European Bank for Reconstruction and Development (EBRD)

Many of the immediate needs faced by countries dealing with large scale migratory flows or large numbers of refugees are outside the EBRD's mandate; however, the Bank can provide support for acute and concentrated needs of a medium-term nature, in line with its mandate and core areas of operation. Broadly speaking, the Bank's efforts to address forced displacement aim to bolster the economic resilience of affected groups and regions.

Response to Forced Displacement

In line with the needs of the Bank's affected countries of operation, specifically Jordan and Turkey and in due course Lebanon¹⁰, the Bank's response to **forced displacement** in these countries focuses on two major areas:

1. Municipal infrastructure

- Support for rehabilitation/upgrading of infrastructure and improvements in public services for water, waste water, solid waste and urban transport, which are under strain from the sharply increased numbers of users.
- This is likely to take the form of discrete investments or sector investment programs with municipal entities.
- As per all EBRD investments in this sector, projects and programs would include capacity building, advice and support for the design and implementation of policy actions, with a view to promoting service delivery which is sustainable over the medium- to long-term. In some cases, this might include public-private partnerships.

In December 2015, the first project under the Bank's refugee response provided Water Authority of Jordan with a USD 14 million loan to upgrade a wastewater pipeline in Al Zarqa which was under severe strain due to sharply increased numbers of users. Additional projects in the current pipeline for Jordan include a proposed financing package for a private-sector operator, chosen through open tender, to provide a waste to energy solution, as well as a public-private sector partnership focusing on photovoltaic electricity for the Jordanian water sector.

2. SME, MSME and early entrepreneurship support

- Credit lines for local banks and microfinance institutions, accompanied by technical assistance and risk sharing grants.
- Direct finance, with risk-sharing and post-investment support, to flagship SMEs operating in affected regions.
- Know how for businesses via local consultancy and international advisory projects.
- Business resource centers to provide information about starting a business, training, accessing finance and other support.

The EBRD is currently developing a proposal for Business Resource Centers in affected regions of Turkey in collaboration with the Turkish Chambers of Commerce and Chambers of Industry. Gaziantep has been

¹⁰ Lebanon has applied to become a member of the Bank, with a view to becoming a country of operation. The Bank has started the procedure for membership.

identified as a pilot location, with a gradual roll-out to follow. These Business Resource Centers will provide advisory services and professional resources to new and experienced entrepreneurs including legal services, accountants, translators as well as assistance with regards to opening bank accounts.

In addition, recognizing the strong needs within these countries for regional, youth and gender inclusion, all projects part of the EBRD crisis response will weave inclusion elements throughout.

- Programs will include skills mapping and improved access to local training, as well as support to increase verification centers for tertiary and vocational skills.
- The EBRD is currently engaging with local-community based organizations and CSOs with a view to finding opportunities which support inclusion and income-generating activities, as a first step in Gaziantep and the larger Turkish agribusiness sector with a view to expanding across affected regions.

In addition, while not part of EBRD's specific refugee response, other operations in the affected regions may also contribute to economic development, job creation and to mitigating heightened pressures on public services. These include projects for public-private partnerships for infrastructure investments in the health sector and investments in the manufacturing sector.

Given the nature of projects in response to crisis, investments within the EBRD pipeline require high levels of concessional financing. EBRD is currently in discussions with bilateral donors. In addition, in order to contribute to the mobilization of grant funding, EBRD management has proposed a net income allocation of around EUR 100 million over 2016-2018 to support the Bank's refugee response, subject to appropriate governance rules and the Bank's continuing profitability.

In line with its broader mandate to support private-sector development, in its work on forced displacement, the EBRD will aim to play a strong role one engaging with the private sector as a key part of efforts to supporting resilience. In this regard, the EBRD hosted an event on 3 February 2016, on the eve of the London Syria Conference on 'Enabling the private sector to support refugee-hosting communities.'

Voluntary Migration Programs

Historically, some EBRD countries of operation are or have been the origin of significant outward migrants, some of whom have returned when the economic climate in destination countries has deteriorated.

Recently, Kosovo, Albania and some regions of Southern Serbia have been the origin of significant numbers of migrants. As an example of the approach the Bank has implemented to stem the flow of migrants and to support reabsorption of returning migrants, the Bank intends to expand some of its existing programs in this region. The following instruments could be scaled up for this purpose:

- Lending to MSMEs through local banks and microfinance institutions.
- Specialized lending and/or portfolio risk-sharing facilities through local banks to reach the local agribusiness sector (a hitherto under-served sector), particularly in rural areas.
- Advisory support for start-up entrepreneurs and MSMEs, where possible linked to financing and/or risk-sharing facilities.

4. European Investment Bank (EIB)

The EU Bank's mission is to support EU policies and to address EU needs both within the EU and outside the EU. This includes addressing the longer term effects of the refugee crisis in countries of origin, transit and destination in close coordination with EU Member States, the European Commission, and International Financial Institutions. In light of the urgent needs in the region and the invitation by the European Council to contribute further to the common EU response, the EIB intends to step up its efforts in regions affected by the refugee crisis – especially the Western Balkans, and Southern Neighborhood – over the course of the next five years using existing grant-loan blending facilities to the extent possible. The focus will be on

public and private sector investments which boost the resilience of host communities as well as directly benefitting refugees.

Infrastructure

The EIB will continue to expand its financing for investments in transport, energy, urban development, water supply, waste water and solid waste to support economic development as well as fostering connection to and closer links with the EU. The economics of the underlying projects, as well as debt sustainability concerns in many of the affected countries, generate an increased need for concessional financing for infrastructure investments. Furthermore, EIB activity will include supporting PPPs that governments wish to undertake, with a focus on PV Solar and wind, Water supply/desalination, Waste and Waste to Energy, by engaging private investors to improve efficiency and broaden the sources of financing.

Loans for SMEs and mid-caps

The Bank will continue to provide funding through intermediation by commercial banks to SMEs and mid-caps. In order to further improve absorption and reach of these loans, the EIB will continue to try to access a number of grant sources. Support to youth employment in the relevant regions could be targeted through credit lines to local financial institutions for on-lending to local companies combined with an element of further grants depending on the number of new young employees and promotion of start-ups. Furthermore, significant impact on growth and employment could also be achieved through financial products that support trade and mitigate foreign exchange risk for SMEs in line with international trade rules, for example through trade financing and local currency financing.

Microfinance

On 28 December 2015 a new risk-capital mandate for microfinance in the so called “Southern Neighborhood”, comprising Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria and Tunisia was signed between the EIB and the European Commission to address the alleviation of poverty and unemployment by promoting access to finance to low income persons and micro-entrepreneurs.

Innovation and Entrepreneurship

Boost Africa is a new initiative under preparation in partnership with AfDB to promote innovation and entrepreneurship in Africa for job creation and financial inclusion of first-time entrepreneurs, in particular among youth and women. The fund of funds will be combined with a significant capacity building program and a Knowledge & Innovation Lab. The project will apply for blending from the AFIF and/or the EU Emergency Trust Fund). A similar initiative is being prepared for MENA countries (Boost MENA).

Project preparation

The EIB is currently finalizing a common initiative with the UK Department for International Development (“DFID”), setting up a technical assistance facility under the FEMIP Trust Fund to support preparation and implementation of projects, mainly in Lebanon and Jordan, that alleviate pressure on social infrastructure and promote economic resilience and growth, which may substantially enhance the activity in the Middle East and North Africa (“MENA”) region.

Migration Financing Envelope

The UK Department for International Development (“DFID”) is proposing to collaborate with EIB, the EC and other Member States to put together a dedicated migrations financing envelope to address drivers of migration and improve living conditions in the MENA region, the Horn of Africa (e.g. Eritrea, Djibouti, Somalia, Kenya), the Sahel and potentially other countries such as Pakistan. The MFE would have a strong focus on private sector operations, inclusive growth, decent job creation (especially for youth) and female economic empowerment to provide a better foundation for socio-economic growth and resilience in both rural and urban areas.

New Financing Initiative for MENA (Concessional Financing Facility and Guarantee Facility) EIB is committed to work with the World Bank, the Islamic Development Bank, the UN, the donor community and other partners to implement the New Financing Initiative for MENA expected to be signed later this year.

5. Inter-American Development Bank (IADB)

The Protracted Crisis of Migrant Children from the Northern Triangle

Over the last months the attention of the world has focused on the Syrian-Afghan migrant crisis, as well as the migrant flows from the North of Africa. Despite the reduced media coverage, Central America, in particular the Northern Triangle —Honduras, Salvador and Guatemala— continues to face the major challenge of the protracted crisis of undocumented migrant children.

During the summer 2014 approximately 68,000 unaccompanied and undocumented migrant children from Central America reached the Southwest border of the United States. President Obama declared that the situation was of humanitarian concern. Approximately 75% of those children were from the Northern Triangle countries. These figures add to the thousands of adults from Central America who take the extremely risky journey through the Mexican desert trying to reach the United States.

Following a series of actions from the US, Mexican and Central American governments, the number of undocumented Central American migrants reaching the US decreased after the 2014 summer and during most of 2015, but the numbers have been increasing over the last months at an alarming rate. According to the US Department of Homeland Security, during the last 3 months of 2015 approximately 17,000 unaccompanied children reached the US Southern border, representing an increase of 117 percent compared to the same 3 months of 2014.

While migration is not new for Central America, it reminds us of the structural challenges that force people to leave their countries (mainly lack of socio-economic opportunities and pervasive crime and violence); the crisis of migrant children suggests a severe deterioration of the socio-economic and security condition in Central America.

Furthermore, the Northern Triangle governments face the major challenge of managing the return (following deportation from Mexico and the US) of thousands of their citizens every month.

The Plan of the Alliance for the Prosperity of the Northern Triangle

The challenge of migration from Central America is complex. While to some extent migrants decide to migrate (voluntary migration) to seek a better life elsewhere, some others are pushed to flee crime, violence and the continuous threat of gangs (forced migration), while authorities work to promote economic development and security in a context of very limited resources (fragility).

Because of the complex nature of the problem and the need for urgent action, the governments of Honduras, El Salvador and Guatemala jointly developed the Plan of the Alliance for the Prosperity, a multi-annual reform and investment plan which focuses on tackling crucial structural challenges in prioritized territories and leverage the support of partners such as the US Government, which has recently committed US\$750 million for their Central America strategy. The ultimate goal is to tackle those issues that sustain undocumented migration and foster economic inclusion.

The Plan of the Alliance focuses on 4 main pillars: i) Human Capital Development, ii) Fostering the Private Sector, iii) Improving Citizen Security and strengthening the rule of law, iv) Better Institutional Capacity and Greater Transparency. The governments of Honduras, El Salvador and Guatemala have started the implementation of the Plan and have committed approximately US\$ 2.5 billion of national resources to projects that are priorities under the Plan for 2016.

The Role of the IADB

The IADB, in the role of Technical Secretariat, is supporting the multi-year Plan of the Alliance through a dedicated team of specialists within its Central America, Mexico, Panama and the Dominican Republic Country Department.

The IADB has also provided technical assistance to hire experts that can support the Northern Triangle governments in the design of country-specific projects for migrants; furthermore, the IADB is working with the governments of the Northern Triangle to pilot initiatives on employability of returned migrants and building institutional capacity in the area of counter-trafficking with the goal of reducing vulnerability for migrants. Last but not the least, a dedicated team of specialists is working on a flagship publication on migration in Central America, Mexico, Panama and the Dominican Republic that will generate data and build knowledge to inform socio-economic policies that can reduce the vulnerability of migrants, prevent migrants crisis, and leverage the opportunities provided by the migration phenomenon.

The IADB has been a strong supporter of this unprecedented regional endeavor. The commitment of the IADB is to continue to work closely with the Central American governments to provide support and technical assistance in the prioritization of high-impact projects, to fostering the dialogue with multiple donors and to support the dialogue with all stakeholders, including the private sector and civil society.

6. Islamic Development Bank (IDBG)

IDBG has contributed and continues to contribute to projects aiming at mitigating the suffering of refugees and IDPs directly and indirectly in the most affected countries including Palestine, Syria, Somalia, Yemen, Pakistan, Indonesia, just to name a few. These projects covered many areas including agriculture, education, health, water and sanitation and other services. The following are just examples of these interventions.

In Palestine, the IDBG works with UNDP and UNRWA to alleviate the suffering of the refugees and IDPs and the victims of the occupation among the Palestinians. One of the main projects in this regard is an ongoing project aiming at rehabilitation and restoration of 910 units partially damaged in the 2014 war. 95 percent of the project is implemented already; the remaining 5 percent is ongoing. The other very successful model program that is implemented in Palestine is Deprived Families Economic Empowerment Program (DEEP). DEEP worked through intermediary non-governmental organizations (NGOs), microfinance institutions (MFIs) and private-sector institutions to provide a comprehensive package of financial and non-financial services to meet the needs of poor and destitute families among the IDPs and refugees in the occupied Palestinian territory (oPt). DEEP consists of two main components of services for poor households: microfinance (financial services), targeting impoverished families; and economic empowerment grants, targeting families living in extreme poverty. The DEEP methodology is based on the principle of participation with beneficiaries. DEEP values and principles include a poverty focus, diversified interventions, capacity building, adaptation, neutrality, transparency, outreach, sustainability, national capacity-building, effective targeting of poor households, linking livelihoods with microfinance, and partnership-building. The multidimensional nature of poverty and the vulnerability of the people of the oPt requires concerted and integrated efforts from the government, public and private institutions and civil society organizations across a variety of sectors, economic, financial and social. DEEP succeeded in harnessing such efforts. There are also many other projects in Palestine that cover different sectors including construction, agriculture, education and health.

For Syrian refugees and IDPs, IDBG is currently implementing many education projects for Syrian IDPs and refugees including electronic education, which was launched on 23 March 2016, which is designed to reach every Syrian student wherever he is through many platforms. Another program is working on rehabilitation and restoration of severely damaged schools and construction of new schools for Syrian IDPs and refugees inside Syria and in the hosting countries. IDBG also is working with its partners to provide university scholarships for Syrian students, and provide extracurricular education for Syrian schools drop-off children. Among the finalized projects is printing school textbooks in which more than 3 million copies have been printed and distributed. During the London Conference on 'Supporting Syria and the Region',

held on 4th February 2016, IDBGG announced its readiness to scale up financing to the affected countries in the Arab region to the tune of US\$9 billion over the three years period from 2016-18. IDBGG has coordinated with World Bank, EBRD and EIB to provide blend financing for the affected countries in the region.

In Somalia, IDBG has a long history of providing services to the internally displaced persons (IDPs) and refugees since 1991 in which it implemented many projects in relief, health, education and VCT. After the collapse of the Somalia government in 1991, the IDB Group has approved 85 projects in Somalia worth US\$96 million. The Bank supported early interventions to combat the 2011 famine with Grants totaling US\$3.2 million as humanitarian assistance. The Bank also delivered US\$4.35 million emergency relief to drought-hit areas in Somalia in coordination with the London-based Islamic Relief Worldwide. Under the Fael Khair Program, IDBG again approved urgent Relief operations totaling US\$4 million to mitigate the impact of the drought in mid-2014. Under the Fael Khair Program also, there is a massive program ongoing now in Somalia that is aiming at alleviating the root cause of water scarcity and drought circles that hit Somalia every decade causing famines like the one of 2011, which created the largest number ever of IDPs in Somalia. The program consists of drilling deep boreholes and building schools in the neediest areas all over Somalia, to help the IDPs to resettle back in their original villages. Somalia's Fael Khair Programme is funded by US\$ 27 million from the late King Abdullah Ibn Abdulaziz to drill 72 deep wells across Somalia regions and install solar panels to provide power for the boreholes, and to build an equivalent number of schools in the wells vicinity. IHH of Turkey and Islamic Relief Worldwide from the UK implementing the program. 30 deep boreholes have been already drilled in many deprived villages while the rest is ongoing. The schools construction is starting in the second half of 2016.

In Yemen, IDBG delivered US\$2 million emergency relief operations for hospital supplies and health, education, food for children in IDPs camps. Under the Fael Al-Khair Program, IDBG committed US\$49.50 million to deliver 15 Mobile Clinics, which also covers the operational expenses for five years. The first set of six (6) mobile clinics will be delivered by August 2016 in six different Governorates in Yemen. IDBG also approved re-scoping of two Active Projects under implementation for re-building social infrastructures related to health and education sectors in the seven governorates affected by the on-going conflict. US\$50 million were approved for Youth Employment Support (YES) program and US\$17 million were approved for Integrated Rural Development (IRD) program.

In preparation for the World Humanitarian Summit (WHS), IDBG is working in coordination with the Organization Islamic Corporation (OIC) on a paper about the resilience building for the OIC Member Countries. The paper will analyze the root causes of the Humanitarian caseload of the Muslim World and will provide recommendations on preventive and preparedness measurements and resilience building intervention to go beyond managing the symptoms of the humanitarian crises and disaster management to addressing the root causes of armed conflict and natural and man-made disasters.

7. World Bank Group (WBG)

The WBG's operational portfolio addressing displacement needs in the Middle East and North Africa (MENA) region has grown over the last several years. In the early stages of the Syrian crisis, projects tended to focus on the needs of refugees and directly affected host populations and were typically implemented by NGOs. However, as the burden of hosting Syrian refugees began to weigh more heavily on receiving governments, WBG support has moved toward support for host communities and governments to complement continuing, largely humanitarian support being given to refugees. In practice this has meant that the WBG has focused on activities aimed at safeguarding development achievements, promoting social stability, enhancing service delivery, and emphasizing the role that good analytics can play in understanding the social and economic impacts of regional displacement. There has been less support to IDP populations in Syria or Iraq, largely due to access issues, yet national programs (e.g. social protection, education and health operations) have adjusted, in the case of Iraq, to be more cognizant of the vulnerability of IDPs.

The New Financing Initiative to Support the Middle East and North Africa was presented in October, 2015 during the WBG-IMF Annual Meetings in Lima, Peru. The working group formed then, which is co-chaired by the UN, the WBG, and the Islamic Development Bank Group (IDB), is in the process of developing a roadmap for implementation.

The approach proposes blending contributions from supporting countries with lending from implementation support agencies (a broad range of partners, including MDBs) to improve the concessionality of development financing. It integrates blending arrangements with a financing facility that can provide coordination and oversight. The WBG would act as the Trustee for a Financial Intermediary Fund, receiving contributions from supporting countries, holding and investing these funds, and transferring funds to Implementation Support Agencies (including UN agencies).

Regional Initiatives in AFR

Over the past 2 years, the WBG AFR region has launched regional initiatives in the Great Lakes, the Sahel, and the Horn of Africa, as well as the Lake Chad Basin. The initiatives are all premised on the assumption that greater regional cooperation and integration, and enhanced development, will support efforts to promote peace and security in regions affected by conflict.

In 2013, the WBG launched the Great Lakes Regional Initiative (GLRI) “Reviving the Great Lakes”, designed to work in support of achievement of the Peace Security and Cooperation Framework (PSCF) for the Democratic Republic of Congo (DRC) and the region. US\$ 100 million was allocated under the GLRI for a project to address the vulnerabilities of the displaced and their host communities. This “Great Lakes Region Displaced People and Border Communities Project” intends to improve the integration and socio-economic development prospects of those affected by forced displacement, including the local communities which host the displaced. Based on confirmed Government demand, the project is now moving ahead in DRC, Zambia and Tanzania. The project will focus on: (i) livelihoods and sustainable access to socio-economic services for IDPs, returnees and refugees in the DRC; and (ii) achieving the local integration of the former Burundian refugees in Tanzania and former Angolan refugees in Zambia and improving the development prospects in the settlements where they have continued to live for more than forty years.

The WBG launched the “Regional Initiative in Support of the Horn of Africa in October 2014”, covering: Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan, and Uganda. The initiative highlighted protracted forced displacement as one of the most complex and pressing regional development challenges. As a result, a regional operation is being designed to support Djibouti, Ethiopia and Uganda to address the impacts of refugee presence on the host communities. The project aims to improve access to social services, expand economic opportunities and enhance environmental management for host and forcibly displaced households in the targeted areas of Djibouti, Ethiopia and Uganda. The operational approach will be Community Driven Development (CDD) oriented and will involve: (i) building grassroots institutions, (ii) ensuring voice of all communities including refugees in decision making, (iii) strengthening decentralized government administrative functions, as well as (iv) investing in public service delivery and social mobilization to enhance the social cohesion among the beneficiary communities.

Selected operations on Forced Displacement

- Afghanistan: livelihoods and food security (2015; \$50m)
- Azerbaijan: living standards and livelihoods for IDPs (2011/2016; \$50m/ \$50m)
- Great Lakes: DRC (community driven development, livelihoods, and capacity building; 2015; \$50m), Tanzania (livelihoods and infrastructure; Pipeline 2016; \$27m) and Zambia (livelihoods, infrastructure and capacity building; Pipeline 2016; \$19,5m);
- Horn of Africa – Djibouti, Ethiopia and Uganda (social services, economic opportunity and environmental management; pipeline: 2016; \$170m);
- Pakistan: IDP return, early recovery, child health, and emergency response (2015);
- Sri Lanka: community livelihoods (2009; \$65m)

8. International Financial Corporation (IFC)

Attracting investments even into financially viable sectors/projects in MENA is currently challenging given the prevailing regional conditions. As such, IFC sees limited role from a private sector investment lens for attracting private capital into the refugee space. However, the MENA team is currently in the process of developing a holistic approach to addressing the refugee crisis that is in alignment with its overall strategy in MENA as well as the broader WBG MENA Strategy. This is a new area for IFC and the private sector, and hence the strategy will evolve over time as a better understanding is developed of the issues facing the refugee and host communities. Moreover, given the sensitivities in the region on supporting refugees (i.e., that it may come at the expense of distracting from addressing similar development needs of host communities), the key principle in IFC's approach is that engagements will support both host communities as well as refugee communities.

The four prongs of IFC's current strategy to support refugees in MENA are the following:

Creating fiscal space for governments in the region to address humanitarian needs by attracting investors into MENA to provide private financing and provisioning of services that would otherwise need to be financed through public funds. Financing of infrastructure and services (including education and health) through the private sector is an important focus of IFC that is helping alleviate the fiscal burden on MENA governments, especially in Jordan, Iraq, and Lebanon.

Building resilience to IDP/refugee shocks by increasing opportunities for jobs/livelihood and improved service delivery for both host and refugee communities through: infrastructure/ICT development, improved food security, greater access to finance (especially microfinance), appropriate vocational and training skills, and support for entrepreneurship (e.g., VC funds, start-Ups, incubators, accelerators, SME Funds). While IFC's approach is currently to support host communities in these areas, refugees/IDPs will also benefit from our engagements if the necessary conditions prevail (e.g., regulatory/legal framework for refugees to work, start businesses etc.).

Drawing on advisory tools to support the needs of refugees in sectors where IFC has a proven track record in difficult markets. Some areas IFC advisory teams are in early stages of exploring include:

- a. Working closely with the Trade and Competitiveness Global Practice (T&C) and WB regional teams on investment climate related reforms necessary for the establishment of well-functioning and financially viable special economic zones (SEZs) that could create jobs for Syrian refugees. The T&C GP is currently developing a Program for Results (P4R) project of approx. \$300–500 million (“Economic Opportunities for Jordanian and Syrian Refugees P4R”) which has 5 pillars: investment climate reforms, labor market reforms, SEZ development, improved market access to EU, camp economy & entrepreneurship. IFC's regional and T&C teams are working closely with WB teams in designing this P4R, and also sharing lessons learned from past/ongoing WBG's engagements in SEZs which have not been very successful for the most part.
- b. Building skills (financial literacy, entrepreneurial skills) among refugee communities through instruments such as Business Edge.
- c. Exploring PPP possibilities for social housing, solid waste management, and landfills in locations close to refugee camps that could benefit both host communities and refugees.
- d. Off-grid energy access options: in line with IFC's successful “Lighting” advisory programs in other markets which target bottom of the pyramid populations that lack access to critical infrastructure and services. Upcoming scoping missions in Jordan and Lebanon will try to identify potential for providing refugees with access to quality assured off grid solar powered devices which can provide essential services such as lighting and mobile phone charging- the latter of which has been reported to be critical to refugees who

need to retain contact with family members who are either still in conflict zones or migrating.

Leveraging the convening power of IFC to facilitate greater corporate social responsibility (CSR) related to refugee issues in MENA. IFC will try to use its partnerships with key clients and other regional and global private sector players that may be interested in helping alleviate the refugee crisis through CSR efforts. Several private sector players in MENA are already involved in supporting refugees through CSR initiatives, and IFC will try to identify ways of supporting these efforts. Informal roundtable meetings with the business community in Lebanon, Jordan, and Iraq are also being planned over the coming months to brainstorm on ideas of how the private sector can support refugees and host communities in relevant markets.

Annex IV - Voluntary Migration and Development

Voluntary migration is an integral component of economic growth and development. As industrial and service sectors emerge and grow, workers move to places where they can find employment opportunities. Voluntary migration is taking place largely within national borders, but some people choose to work and live in foreign countries. Globally, around 48 percent of international migrants are women, although there are stark geographic differences: there are more female migrants than male migrants in Europe and North America, whereas migrants in the Gulf Cooperation Council (GCC) countries are predominantly males.

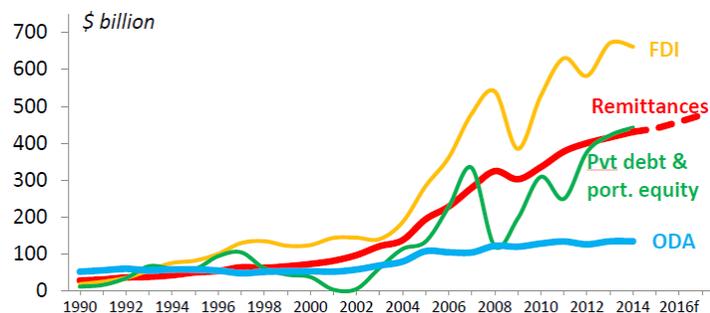
Research suggests that reducing barriers to international migration can lead to large global gains, likely larger than gains from trade liberalization. Model-based simulations suggest that a rise in voluntary migration sufficient to increase the labor force of high-income countries by three percent phased over a 10-year period would yield a global gain of real income of \$674 billion.

The bulk of the gains accrues to the voluntary migrants, in the form of higher wages and improved social indicators. Voluntary migrants who have moved from countries with a low human development index to countries with a high human development index have experienced on average a 15-fold increase in income, a doubling in the education enrollment rate, and a 16-fold reduction in child mortality.

In host countries, voluntary migration increases the labor force and availability of skills, thereby improving competitiveness and creating employment for native workers. It also allows native workers to perform higher value-added tasks by providing complementary, cheaper services (for example, child care). In the long-term, international voluntary migration flows may contribute to mitigating the decline in working-age population in aging countries. The net fiscal impact of voluntary migration over the past 50 years in OECD countries is on average close to zero, rarely exceeding 0.5 percent of GDP in either positive or negative terms.

Migrants benefit their countries of origin via remittances, skill and technology transfers and investments. In 2015, worldwide remittance flows to developing countries are nearly three times the amount of official development assistance, and excluding China, they are larger than FDI flows. Unlike private capital flows, remittances tend to be a-cyclical, or even counter-cyclical, thus acting as a stabilizing flow during economic downturns. While the impact of remittances on economic growth is unclear, remittances play an important role in reducing poverty, with no significant effect on income inequality—e.g., by 11 percent in Uganda, six percent in Bangladesh, and five percent in Ghana.

There are, however, also a number of issues and challenges associated with voluntary migration. Voluntary migrants may be separated from family, they may have to undertake long and hazardous journeys, they may become vulnerable to exploitation and abuse by traffickers and employers: under such circumstances, the net benefit from migration may be negative. In some host countries, inflows of large numbers of migrants cause social tensions which need to be carefully managed. In some origin countries, voluntary migration of high-skilled workers can lead to shortage of skills in critical sectors (such as health and education).



Annex V - The New Financing Initiative to Support the Middle East and North Africa

To address the massive financing needs of the Syrian refugee crisis, conflicts and economic instability, the WBG has partnered with the United Nations (UN) and the Islamic Development Bank Group (IDB Group) to mobilize the international community through the New Financing Initiative to Support the Middle East and North Africa. This effort is the result of an innovative partnership between international financial institutions and the United Nations, with the objective of strengthening coordination between humanitarian and development assistance to deliver additional financing to the MENA region.

The New Financing Initiative to Support the MENA Region is comprised of two distinct, yet complementary facilities: (i) the Concessional Financing Facility: This facility aims to provide additional development assistance on concessional terms for Jordan and Lebanon, the most impacted countries in the MENA region by the Syrian refugee crisis; and (ii) the Guarantee Facility: This facility aims to provide the large volumes of financing needed for post-conflict reconstruction and economic recovery across the region.

The International Stakeholders' Roundtable Meeting for the MENA Region, which took place during the 2015 WBG-IMF Annual Meetings, was an important milestone in convening the international community to recognize the need to provide large scale financial support to the MENA region through innovative financing modalities. The Roundtable Meeting established a working group – co-chaired by the WBG, the UN and the IDB Group, and with the participation of the G7, GCC and Northern European countries. Following on the mandate provided by participants of the Lima Roundtable Meeting, three working group meetings have taken place to finalize the details of the financing initiative.

The International Conference for the New Financing Initiative to Support the MENA Region raised USD 141 million in grant contributions and USD 1 billion in concessional loans, which will generate additional grant contributions, for the Concessional Financing Facility. These are initial contributions for the first year, with the clear expectation that similar levels of contributions will be made over the next five years. As a result, this amount of funding is fully in line with the objective of raising USD 1 billion in grant contributions over the coming five years, as was announced by President Kim at the *Supporting Syria and the Region* conference that took place in London in February 2016.

The initial level of funding raised at the pledging conference will be able to immediately leverage around USD 600-800 million in concessional financing for both Jordan and Lebanon. The first Steering Committee will be convened in June/July in order to begin financing transformational programs such as the Special Economic Zones project in Jordan, which aims to create 100,000 jobs for both Syrian refugees and host communities.

In addition, the International Conference for the New Financing Initiative to Support the MENA Region raised USD 500 million in guarantees for the Guarantee Facility.

Donors, MENA benefitting countries, and international organizations have expressed strong support for this initiative, recognizing that it represents an exemplary approach in bridging the humanitarian-development nexus by bringing together multilateral development banks, the European Commission, and the UN. Various donors have raised this initiative as a possible precursor to a global response to refugee crises, as highlighted in the 2016 Development Committee communiqué