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Financing displacement response

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Forced Migration Review

Forced Migration Review (FMR) brings together diverse, knowledgeable authors – especially those with lived experience – to foster practical learning and discussion that can improve outcomes for forcibly displaced people. Our free flagship magazine is accessible to a global audience in Arabic, English, French and Spanish, online and in print. Related audio and visual content is available online.

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Refugee Studies Centre
Oxford Department of
International Development
University of Oxford
3 Mansfield Road
Oxford OX1 3TB, United Kingdom

fmr@qeh.ox.ac.uk

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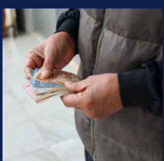

Cover photo: A Syrian refugee in Jordan counts his monthly cash assistance from UNHCR, December 2021. Credit: UNHCR/Lilly Carlisle

From the Editors

From humanitarian aid by wealthy governments to remittances from diaspora communities, responses to forced displacement are shaped by funding from an array of actors, in ways that express those actors' interests and priorities. In recent years, new actors and new financing approaches have emerged. At the same time, traditional government-led and community mutual aid financing sources are evolving, and there is a growing movement towards the localisation of funding that has generated vital discussions about the relationship between funding and power.

What do these shifts mean for forcibly displaced people and displacement response strategies? How does displacement response financing interact with the choices of forcibly displaced people and their communities, with local and global economies, and with broader geopolitical events and trends? This issue advances understanding of these questions and others.

We would like to thank the Conrad N. Hilton Foundation for their partnership on this issue and their foreword, highlighting their dynamic approach to investing in refugee-led organisations and in the emerging markets where refugees live. We'd also like to thank our reviewers, Bahati Kanyamanza, Helidah Ogude-Chambert, Lauren Post Thomas, Barri Shorey, Andhira Yousif Kara and Leah Zamore, and our author mentor Kinan Alajak, for contributing their knowledge and expertise to the process of choosing and refining articles.

The authors in this issue discuss sources of displacement response financing, and how

Emily Arnold-Fernández

Catherine Meredith

Alice Philip

the interests of these funding sources impact refugees and displaced people. Merve Edilmen considers the impact of Gulf donors' funding on programmes to empower refugee women in Türkiye, while Frederike Onland and Mohammad Abu Srour discuss the benefits and limitations of crowdfunding for Palestinian organisations who struggle to access institutional financing. Davia Davitti and co-authors consider the opportunities and drawbacks of refugee bonds by looking at a case study from Finland.

Several articles discuss the benefits of financing refugee-led organisations (RLOs) and the challenges RLOs face in accessing funding. Alya Al-Mahdi and co-authors make a strong case for the cost-efficiency, sustainability and effectiveness of RLOs in Egypt and explain how donors could make funding more accessible. Thomas Gillman and co-authors discuss the process of setting up the Asia Pacific Network of Refugees' pooled fund to enable more RLOs to access funding, and Barri Shorey and co-authors reflect on their experience of refugee-lens investing, connecting investors with businesses that support improvements in the lives of refugees.

Financing for displacement related to climate change is another key topic in this issue. Christelle Cazabat and co-authors consider the role that multilateral development banks can play in solutions to disaster displacement through investments in mitigation, climate adaptation and infrastructure. Ileana Sînziana Puşcaş and Lorenzo Guadagno discuss developments in the rollout of the Fund for responding to Loss and Damage, and the opportunity it represents to increase the climate finance streams that support work on human mobility.

Other articles discuss the impacts of lack of funding, or precarious funding, for displacement response. Abdullah Ali Abbou outlines how international sanctions limit the ability of aid agencies to support civilians in Syria. Rémy Kalombo explains how humanitarian actors in the Democratic Republic of Congo are forced to compromise on quality and coverage, making it harder for displaced people to rebuild their lives. Finally, Frowin Rausis and co-authors consider the funding challenges the UN refugee agencies face as they navigate a vulnerable funding structure dependent on a small number of donor States.

There isn't space in this editorial to mention all the articles in the issue, but we hope this overview of key themes inspires you to delve in and read them all. We'd like to thank all our authors, every one of whom put in a huge amount of work to share their insights. The result is an issue of FMR which we believe will catalyse dialogue amongst those involved in financing decisions and lead to positive change for forcibly displaced people.

With best wishes,

Catherine Meredith, Emily Arnold-Fernández and Alice Philip
Editors, Forced Migration Review

Contents

p.6 **Foreword**
Conrad N. Hilton Foundation

p.7 **Changing the game: the World Bank's contribution to forced displacement response**
Martha Guerrero Ble and Bahati Kanyamanza

p.11 **Empowering Syrian refugee women: the impact of Gulf donors' humanitarian funding**
Merve Erdilmen

p.15 **Reverse remittances as a new normal for Ukraine: evidence from Germany and Austria**
Taras Romashchenko

p.19 **Community support in underfunded refugee camps: stories from Aysaita and Dadaab**
Boel McAteer

p.23 **Who holds the purse strings in online crowdfunding for Palestinian organisations?**
Frederike Onland and Mohammad Abu Srour

p.27 **Beyond indicators: lessons from financing the Jordan Compact**
Katharina Lenner and Lewis Turner

p.31 **Refugee bonds: social impact investment and implications for international protection**
Daria Davitti, Sara Arapiles and Pablo Pastor Vidal

p.35 **Rethinking financing approaches to support IDPs: learning from Afghanistan**
Olivier Lavinal, Lauren McCarthy and Nassim Majidi

p.39 **Refugees serving refugees: financing refugee-led organisations in Egypt**
Alya Al-Mahdi, Buay Peter Kun and Daowad Adam

p.43 **Participatory philanthropy in Asia-Pacific – a case study of an RLO-to-RLO fund**
Thomas Gillman, Najeeba Wazefadost, Mike Poots and Adama Kamara

p.47 **Lessons from the Resourcing Refugee Leadership Initiative's grant-making model**
Mohamed Ahmed, Rawan Raad, Diana Essex-Lettieri and Julia Zahreddine

p.52 **Failure to recognise, integrate and fund RLOs within displacement response**
Alexandra Spencer, Rufus Karanja, Andhira Yousif Kara and Caitlin Sturridge

p.56 **From crisis to opportunity: the power and potential of refugee-lens investing**
Barri Shorey, Lauren Post Thomas, Lindsay Camacho, Kate Montgomery, Tim Docking, Selen Ucak and Morten Schacht Högnesen

p.62 **Multilateral development banks' role in solutions to disaster displacement**
Christelle Cazabat, Steven Goldfinch and Faisal Abdul

p.66 **An insurance model for financing climate displacement**
Harrison Munday

p.70 **Money changes everything: leveraging climate finance for human mobility**
Ileana Sînziana Puşcaş and Lorenzo Guadagno

p.74 **Applying a multi-sector analysis to financing forced displacement response**
Purvi P. Patel and Adithya Prakash

p.78 **Financing Brazil's response to displaced Venezuelans: implications and learning**
Cláudio Antônio Klaus Júnior

p.81 **The unknowable cost of camps: implications for a more sustainable refugee response**
Lucy Earle, Kate Crawford and Margarita Garfias Royo

p.85 **Making the 'new normal' of humanitarian funding work for displaced communities**
Ciaran Donnelly and Reva Dhingra

p.90 **Leveraging results-based financing to squeeze the most out of every dollar**
Sebastián Chaskel, Gabriela Vargas, Mateo Zárate, Ana María Pérez and Nicolás Hernández

p.95 **The impact of international sanctions on humanitarian aid in Syria**
Abdullah Ali Abbou

p.98 **UN refugee agencies: vulnerable funding structures and a looming legitimacy crisis**
Frowin Rausis, Maud Bachelet and Philipp Lutz

p.102 **Lack of funding in protracted displacement: a case study on shelter in the DRC**
Rémy Kalombo

p.105 **The benefits of enabling Rohingya refugees in Bangladesh to access banking systems**
Mohammad Azizul Hoque, Tasnuva Ahmad and Mohammed Taher

p.109 **Keep up-to-date with FMR**

We are grateful to the following donors: The Conrad N. Hilton Foundation for their partnership and support with this issue; and UNHCR and the Swiss Federal Department of Foreign Affairs who have funded FMR's ongoing work in 2024.

Foreword

by the **Conrad N. Hilton Foundation**

Financing for forced displacement response is not fit for purpose. The needs of refugees and their host communities far outstrip resources while displacement only grows. The international community continues to facilitate an aid model that was built by a small group of people as a band-aid to address short-term problems. Despite numerous calls for a transformation of the humanitarian and development system, this aid model has not yet shifted to meet today's reality of protracted, large-scale displacement crises. We cannot keep relying on and supporting this unfit system that encourages traditional actors to do more of the same, especially when funding is scarce. The countries and communities that receive slowly diminishing resources from donors each year – instead of there being a collective radical rethink of the aid complex – are only being hurt by this approach.

A transformation of the humanitarian system will require dismantling many of the current, entrenched, top-down ways of working. Although short-term humanitarian assistance can still be useful in acute crises, the overall system must shift to financing and implementing approaches that can drive sustainable change. Humanitarian actors – implementers, multilateral institutions and donors – must think outside the box, beyond traditional aid, and consider what is needed from non-traditional global and local actors who can identify opportunities for, and make real investments in, markets and communities. From the global to local level, we need new, innovative ways to finance responses to displacement.

Identifying the challenges that impede effective financing for forced displacement response, and finding creative and community-led solutions to these challenges, is the reason the Conrad N. Hilton Foundation's Refugees initiative[1] supported this issue of Forced Migration Review. We hope it inspires our fellow philanthropic donors to lean into their flexibility and catalytic potential to mitigate the perceived risks of investing directly in refugee-led organisations and in the emerging markets where refugees live. We hope implementers feel encouraged to push donors to give them the space to design and work in more long-term, refugee-led, market-driven and climate-responsive ways. We hope bilateral governments and multilateral institutions act on their commitments to prioritise delivering funding more directly to the populations and markets they seek to serve, break down their own silos, and give partners room to think creatively. And we hope the private sector follows our lead, embraces risk and makes big investments (we promise there will be big returns) in what we can demonstrate works.

Communities of forcibly displaced people deserve so much more. If we can each find in these articles some concrete steps towards a more fit model for responding to displacement we might be able to start to transform the system and create sustainable change.

Lauren Post Thomas
and **Barri Shorey**
Conrad N. Hilton Foundation

1. *www.hiltonfoundation.org/work/our-initiatives/refugees/*

Changing the game: the World Bank's contribution to forced displacement response

Martha Guerrero Ble and **Bahati Kanyamanza**

The World Bank has become a prominent player in forced displacement response. The Bank could strengthen its contribution further through better coordination with humanitarian agencies and more meaningful refugee participation.

In recent years, the World Bank has modelled a way for development banks to engage in forced displacement settings. It has provided financing tools to support host countries and fostered the inclusion of refugees in national systems. In so doing, the World Bank is inserting a medium to long-term development perspective that acknowledges the contributions of refugees to their host communities and fosters policy reforms that support their inclusion. While the institution is still learning to navigate the refugee space, it is also reshaping the very nature of the refugee response system.

Without a doubt, the role of the World Bank in the forced displacement ecosystem will continue to grow. However, its engagement is still relatively new, and there are many challenges to ensuring that its investments have a tangible impact on the lives of refugees and their hosts. The World Bank needs to ensure that its investments not only align with the needs on the ground but also reduce the need for humanitarian support. In particular, the World Bank must foster the meaningful inclusion of refugees in its development programming to ensure that its projects more accurately respond to the needs of refugees.

How does the World Bank support refugees?

The World Bank's main mechanism for supporting refugees is the Window for Host Communities and Refugees[1] (WHR). The WHR aims to strengthen the host country's capacity to address refugee crises and promote the inclusion of refugees in country systems. The World Bank established the Window in 2017, renewing its financial support every three years. Its financing is concessional – including grant components, below-market-rate loans and other beneficial financing terms. In the current 2022-2025 cycle, the WHR can invest up to USD 2.4 billion to low-income nations that host large numbers of refugees. All the WHR's investments since its inception are currently worth more than USD 4.6 billion, benefitting seventeen refugee-hosting countries.

For its implementation, the World Bank works directly with host governments to identify development needs and priority areas for investment. While the World Bank negotiates with borrowing countries around the investments, ultimately the borrowing country determines and carries out the projects. Some investments focus on infrastructure and capacity building. For instance, the WHR funds a USD 40 million project in Cameroon for community-based development[2] to improve socio-economic infrastructure and services for refugees and hosts. Other projects focus on opening up job opportunities and increasing the capacity of social security systems and education to include refugees.

The WHR links its financial assistance to the creation of policies that support the inclusion of refugees. To measure impact, the WHR committed to implementing significant policy reforms in at least 60% of the benefitting countries. Several countries have already implemented important reforms because of the WHR. In Ethiopia, the WHR helped refugees access work by funding the Ethiopia Economic Opportunities Program.[3] In Liberia, the WHR supported regularisation efforts for refugees without status. In order to track refugee policies in benefitting countries, the World Bank has established an assessment tool called the Refugee Policy Review Framework (RPRF).

For those nations at high risk of debt distress, the WHR provides full grant financing. Currently, the Republic of Congo (Congo-Brazzaville) is the only WHR beneficiary in debt distress, however, more than 47% of the beneficiaries are at high risk of becoming debt distressed (according to the World Bank's Debt Sustainability Analysis).[4] For other countries, WHR financing often includes loan components. Some countries hosting large numbers of refugees decline WHR financing because they perceive the financing terms as unfavourable. In particular, some nations might perceive that obtaining a loan to support the refugee population is not in their best interest – although the host population also benefits from the financing.

How could the World Bank's refugee support be improved?

There are challenges the World Bank needs to address to be more effective at responding to refugees' needs; these include improving coordination between World Bank investments and humanitarian work, and managing relationships with governments (the clients). Borrowing nations, as the main decision-makers, might not always prioritise investments in projects that align with the needs on the ground. Plus, the World Bank struggles to mainstream the refugee agenda across in-country operations and teams. In some countries, national staff have limited understanding of, or interest in, refugee issues, which affects the development of projects.

Another important challenge for the World Bank is around protection issues. The World Bank is not a rights-based organisation, as such, the institution partners with UNHCR to assess whether potential beneficiary countries have adequate refugee protection frameworks prior to eligibility. However, some WHR-beneficiary States, such as Bangladesh and Pakistan, have a long history of violations against refugee rights, which calls into question the adequacy of the protection assessments and the Bank's role in holding States accountable in relation to refugee rights.

Furthermore, the country-based model of the World Bank can create a mismatch of interests when it comes to refugees. As foreigners, refugees' interests are seldom represented by host governments.[5] Refugees do not have the right to participate in the host countries' political processes and influence governments' decisions. Therefore, when it comes to WHR financing, the negotiations between the World Bank and borrowing countries risk obscuring refugee voices. For instance, in Bangladesh, the government refuses to implement sustainable approaches to prolonged displacement.[6] Consequently, the response in Bangladesh has focused on emergency support, restricting refugees' ability to move freely, work, access services, and more. Although the Bangladeshi government's priorities contradict the WHR's goals, they influence its investments and limit its effectiveness.

In some cases, like Kenya, where the WHR supported the implementation of the

Refugee Act 2021 that grants refugees right to work, to property, and public services, the WHR investments have made a real difference in the refugee response. However, in many other countries, investments might have an indirect or even marginal impact imperceivable to refugees and those working directly in the response.[7] To ensure that all WHR projects have a clear, tangible and measurable impact on refugees and their hosts, the World Bank needs to increase its collaboration, coordination and dialogue with both refugees and humanitarian actors.

The need for meaningful refugee participation

If the World Bank is to influence forced displacement response, it needs to ensure that refugees are included from the start and that they become active participants in the way the institution sets its priorities and investments in the refugee space. Refugees understand their problems better than anyone and they know what priorities are important to them. Refugees can also raise the alarm when projects are not being correctly implemented, and can help ensure that any assessment accurately reflects the realities on the ground. Overall, refugees can help improve the accountability and effectiveness of the WHR investments.

Failing to engage refugees in the design and implementation of projects and programmes that affect them can lead to initiatives that are not aligned with their needs and realities. Such is the case of the Jordan Compact, which did not integrate refugee perspectives early on, resulting in a delayed impact on their lives.[8]

There has been some progress over the past year. The World Bank has conducted ad-hoc conversations with refugees and refugee-led organisations at a global level. At a country level, in Uganda, the World Bank invited refugee-led and civil-society organisations to give feedback on the Refugee Policy Review Framework (RPRF) report. Including RLOs helped highlight how some labour market policies did not translate into practice. While the Uganda experience has not been implemented across other WHR-benefitting nations, the case shows that including refugees is possible and impactful.

The way forward

It is clear that the World Bank has had a significant impact through the WHR. However, there is room to expand the impact of the window over time. While we cannot expect the World Bank to change its whole operational model to improve the WHR, there are a few things that the institution can do to improve its refugee response:

1. First, the World Bank must ensure that, in practice, WHR investments support countries with a proven track record of policy reforms to support refugee inclusion and protection – as indicated in its eligibility requirements. In particular, the WHR should focus its resources on projects that allow refugees to access national systems and become self-reliant, reducing the need for emergency humanitarian assistance. To achieve this, the World Bank can increase grant levels to nations with inclusive policies towards refugees, thus creating incentives for implementation. The World Bank can also establish a clear policy around protection issues to identify government actions that are clear violations of refugee rights and implement an action plan to keep those nations accountable.

2. Second, the World Bank must directly engage with refugee-led organisations in the generation of the RPRF and protection assessments. The World Bank should partner with local refugee-led organisations to provide inputs for the generation of the RPRF and any other

in-country assessment. By doing so, these organisations can help provide a more well-rounded analysis of the refugee environment in the countries that the World Bank finances and sound the alarm on any protection issues.

3. Third, the World Bank must take a proactive approach to ensure more transparency and increased coordination with humanitarian and refugee actors – from access to public data on WHR projects to in-country periodic consultations across stakeholders involved in the refugee space. In particular, the World Bank must ensure that refugees and humanitarian and refugee-led organisations are included in stakeholder consultations to inform its WHR investment priorities. By actively reaching out and including humanitarian and refugee-led organisations in the stakeholder consultations, the World Bank can improve coordination with humanitarian actors and ensure that refugees' voices are heard and reflected in the WHR investments.

4. Fourth, the World Bank should consider mainstreaming forced displacement issues across teams and practices, including expanding dedicated staff to oversee refugee investments and coordination with stakeholders at the country level. Currently, there are only two refugee coordinators across the World Bank. More forced displacement expertise is needed to ensure that the WHR is properly negotiated, planned and implemented. Furthermore, without refugee expertise, the World Bank country offices risk failing in any efforts to improve coordination with refugee-led and civil society organisations working on the refugee response.

As the world continues to experience complex displacement challenges with over 100 million people displaced, every effort geared towards supporting refugees should involve relevant stakeholders, including refugees. Now, more than ever, the work of the World Bank is key in responding to refugees' needs and contributing to more sustainable long-term approaches.

Martha Guerrero Ble
Advocate, Refugees International
mguerrero@refugeesinternational.org
X: @MarthaGBle

Bahati Kanyamanza
Director, Global Partnerships, International Refugee Assistance Project; and
Co-founder,
COBURWAS Internat
bkanyamanza@refugeerights.org
X: @BKanyamanza

1. *bit.ly/window-host-communities-refugees*
2. *bit.ly/cameroon-forced-displacement*
3. *bit.ly/ethiopia-economic-opportunities*
4. *bit.ly/debt-toolkit*
5. *See Kanyamanza B and Arnold-Fernández E (2022) 'Meaningful representation starts at the top: refugees on UNHCR's ExCom' Forced Migration Review issue 70 www.fmreview.org/issue70/kanyamanza-arnoldfernandez/*
6. *See International Crisis Group (2023) 'Rohingya Refugees in Bangladesh: Limiting the Damage of a Protracted Crisis' bit.ly/Rohingya-protracted-crisis-report*
7. *For further reflections on the effectiveness of the WHR see Center for Global Development (2024) 'Will the Window for Host Communities and Refugees Survive "SimplifIDA"?' bit.ly/WHR-simplifida*
8. *ODI (2018) The Jordan Compact: lessons learnt and implications for future refugee compacts bit.ly/jordan-compact-lessons*

Empowering Syrian refugee women: the impact of Gulf donors' humanitarian funding

Merve Erdilmen

Funding from the Gulf for refugee women's empowerment could enhance self-reliance and women's autonomy through flexible and innovative economic solutions, yet it risks reinforcing traditional gender roles and perpetuating inequalities.

A refugee girl running down the street in Gaziantep, Türkiye. Credit: Merve Erdilmen

In 2022 I met Nour,[1] a Syrian refugee woman who lives in rural Türkiye without legal status. Since 2020, when she became pregnant at 14, she has attended the Young Mothers' Club, receiving healthcare services, vocational training and in-cash assistance, all provided by Shafak, the only non-governmental organisation (NGO) in the town. A poster hangs at the Young Mothers' Club showing the names of institutional benefactors. The Qatar Red Crescent Society, Kuwaiti Sheikh Abdullah Al-Nouri Charity Society and the Government of Saudi Arabia are some of the major donors, alongside smaller contributions from UN agencies and others.

Nour was one among many other refugee women whom I met during my doctoral research, which focused on refugee-led organisations' everyday practices of gender equality in their communities. As the fieldwork unfolded, I realised that many refugee women in Türkiye share similar life trajectories which lead them to the doors of NGOs, such as Shafak, to seek help for themselves and their families.

How donors' approaches to women's empowerment affect refugee women

Refugee women are, and will continue to be, the focus of global gender policies and growing volumes of humanitarian funding from the Gulf States. Yet, we know almost nothing about how these donors interpret global gender policies or how their understandings shape refugee women's lives. Nor do we know much about women refugees' views on how services they receive from the Gulf-funded NGOs impact their lives and aspirations. Policymakers addressing the impacts of donors' approaches to refugee women's empowerment have predominantly focused on Western donors. They have overlooked the role that non-Western donors' approaches to women's empowerment play on the inclusion or exclusion of refugee women with intersecting identities, including racialised and underrepresented groups.

Drawing on interviews with the employees of Gulf-funded organisations that operate in Türkiye and across the border in Northwestern Syria, and the refugees they work with, I argue that Gulf funding for empowering refugee women offers innovative solutions to economic challenges. However, some initiatives might reinforce traditional gender roles. While some women refugees view the reproduction of gender roles positively as a means to assert their autonomy, others emphasise the need to transform these roles to achieve genuine empowerment, enhance their well-being, and address gender inequalities effectively.

The Gulf donors' rising humanitarian funding and commitment to women's empowerment

The four richest Gulf States – Qatar, the United Arab Emirates (UAE), Kuwait and the Kingdom of Saudi Arabia – have become major humanitarian donors over the last two decades. These governments have been among the top ten humanitarian donors to Syria, Türkiye and Lebanon since the outbreak of the conflict in Syria in 2012.[2] They have also forged collaborations with multilateral humanitarian organisations and Western donors.

Humanitarian partnerships between the Government of Canada and the UAE, and the joint Kuwait-UN Humanitarian Pledging Conference[3] for Syria in 2015, signify a closer dialogue between Western humanitarian donors and the Gulf States on achieving global goals. The Gulf donors have also committed to the gender equality and women's empowerment[4] component of the UN Sustainable Development Goals (SDGs), leading to the UAE's official pledge[5] to "prioritise equal opportunities for refugee women and girls and inclusion of marginalised people" in its SDG efforts in 2021.

Policymakers note the humanitarian funding cuts by the Western donors and predict that the upward trend of non-Western funding will be one of the defining hallmarks of global policy-making in the coming decades, leading to calls for a better understanding of the non-Western donors' influence on the implementation of global gender goals.

Earlier research has demonstrated how the gender norms that donors seek to promote impact the implementation of women's empowerment programmes. Increased volumes of funding for empowering refugee women were not welcomed by all. Some refugees and experts were enthusiastic, while others suspected that empowerment discourses were becoming co-opted and refugees becoming rhetorical tools for these emerging powers' political aims in the region. At the same time, policymakers in the organisations that received funding were wary of mismatches between donors' assumptions about the root causes of women's marginalised positions in their societies and their actual experiences, needs and demands.

Opportunities: flexible funding to meet refugee women's needs and demands

While comprehensive data on Gulf donors' humanitarian funding is not available, many of the organisations supported by Gulf donors provide a variety of programmes focusing on women and girls. These programmes often fall under two categories: projects to generate income for women via training or loans, and housing solutions.

Many refugee women I interviewed highlighted the growing impact of non-governmental and refugee-led organisations funded by Gulf donors in improving their daily lives and helping them achieve their life goals. Improved access to long-term housing was one of the most pronounced achievements of the Gulf-funded policies that focus on refugee women's well-being. These housing projects typically involve upgrading temporary tent settlements into permanent structures with concrete walls and providing shelters for widows and female-headed households. A significant benefit of these programmes lies in the flexibility they offer to implementing organisations, allowing for creative solutions that more effectively address the daily challenges and needs of refugee women.

One interviewee, a mother of two, explained how her tent was transformed into a house, thanks to the efforts of the Gulf donors:

"When we were internally displaced in Syria and lost my husband, we started to live in a tent in the North. Soon enough I realised that we are not able to live in tents for a long time, we deserve to have decent houses. My friends and I started to build concrete walls around the tents we were living in because there was no other way to deal with the harsh winter. We also asked the camp managers to help us to maintain the walls, but they were not supportive. And one day, we learnt that a Gulf donor bought the land we lived on from the landlord. They had clear criteria of who gets to live where or whether we can own this property or if it will be like some long-term lease. But we managed to keep our solid housing and feel safe, thanks to this funding."

I have heard many similar stories. These housing policies foster a sense of safety, reduce worries about family care, free up time for income-generating activities and enhance refugee women's autonomy in decision-making for themselves and their families. As such, the Gulf donors play a crucial role in promoting the self-reliance and independence of women refugees.

Challenges: excluding certain groups of refugee women, reproducing traditional gender norms

While some refugee women highlight the Gulf funding's significance for their self-reliance and independence, others express discomfort with how income-generating activities have inadvertently excluded them or perpetuated new forms of gender inequality.

Income-generating initiatives supported by Gulf donors often concentrate on traditional feminine skills such as textile work and cooking. They may also include a loan component aimed at providing short-term financial assistance to eligible individuals to meet their families' needs. These initiatives operate under the assumption that many displaced women have experience primarily as housewives and limited exposure to income-generating activities outside the home. While beneficial for earning some income and fostering self-reliance, these approaches tend to reinforce traditional gender roles and do not necessarily equip women with new skills relevant to their countries of asylum.

Many refugee women who previously had no work experience have entered the workforce in asylum countries like Türkiye due to increased economic pressures. In this context, they often find that their skills are insufficient for the demands of the jobs available to them. This is echoed by a Syrian woman who works for a Gulf-funded humanitarian NGO:

"The problem with these programmes is that they do not match with the required skills for available jobs and hence, women are pushed to either continue to try to have some income from their handicraft, use their feminine skills to get jobs if they are lucky, or look for other ways of generating income, such as marriage and sex work. There is nothing wrong with these types of work and solutions, however they also do not respond to the aspirations of many women I know."

Her words sum up the ironic and unforeseen consequence of policies intended to empower women perpetuating gender-based marginalisation.

Similarly, single women refugees and women refugees with diverse sexual orientations are often told that they are not eligible for these programmes as they are neither widows nor divorced. An employee of a Syrian refugee-run organisation mentioned: "To qualify for loans from us, one must demonstrate need, often linked to being a widow or divorced. We do not have funding to support single women or sexual and gender minorities."

Where to go from here?

The Gulf States' humanitarian funding for refugee women's empowerment has the potential to open new pathways leading to policies that promote empowerment and self-sufficiency. Many refugee women, grappling with challenges in livelihood security, violence and achieving their aspirations, have expressed appreciation for the empowerment approaches of Gulf-funded projects. However, other refugee women have expressed concerns about the implications of these policies. They argue that women are often relegated to traditional gender roles. This focus may exclude single women, those with varied life goals and individuals with diverse sexual orientations.

Recognising both the opportunities and obstacles presented by Gulf funding for women's empowerment underscores the importance of gaining a clearer understanding of how these policies are developed, perceived by refugee women themselves and put into practice on the ground. Better understanding the perspectives of Gulf donors in promoting women's empowerment, can facilitate more efficient and coordinated global policy-making efforts. By shedding light on the perspectives and experiences of women refugees, it may also lead to a new articulation of the concept of women's empowerment.

Merve Erdilmen

PhD Candidate, Department of Political Science, McGill University, Canada

merve.erdilmen@mail.mcgill.ca

1. *Nour is a pseudonym. I have changed the names of all my participants to protect their identities.*
2. *For funding breakdowns see UNOCHA country profiles fts.unocha.org/countries/overview*
3. *bit.ly/pledging-conference-syria*
4. *bit.ly/un-gender-equality*
5. *bit.ly/uae-foreign-aid-report*

Reverse remittances as a new normal for Ukraine: evidence from Germany and Austria

Taras Romashchenko

The Russian invasion has prompted a new phenomenon: significant reverse remittances from within Ukraine to displaced Ukrainians in other countries. This has implications for the individual recipients, for host countries and for Ukraine itself.

A few years ago, it was difficult to imagine Ukrainians spending billions of dollars abroad every month. Ukraine, with its large population of migrant workers around the world, was traditionally a recipient country for remittances. However, Russia's unprovoked attack in February 2022 has radically changed the situation. During the war, millions of Ukrainians, predominantly women and children, were forced to flee their homes to escape Russian aggression. They have been actively spending money initially earned at home, which was sent to them by relatives and friends.

According to the National Bank of Ukraine (NBU), in 2022 Ukrainian migrants spent at least USD 2 billion abroad every month.[1] The estimated amount of reverse remittances annually – USD 24 billion – dramatically exceeds traditional remittances that continue to flow into Ukraine, which stood at USD 11.4 billion in 2023.[2]

Restrictions on transfer of funds abroad

The scale of money from Ukraine being spent abroad by displaced Ukrainians remains high despite the NBU imposing significant restrictions on currency transfers from the country following the invasion. The NBU immediately adopted new legislation[3] governing the operation of the banking system during a period of martial law with the aim of guaranteeing the stability of the national currency market, reducing the risk of speculation on it and preventing capital outflows from Ukraine.

Despite some easing of restrictions on the operation of the banking system since the war began, limitations for individuals still remain. For instance, SWIFT transfers abroad from Ukraine are practically prohibited. The only exceptions are for the purpose of paying for education in foreign educational institutions and for medical treatment abroad. Special restrictions also apply to cash withdrawals using Ukrainian bank cards abroad. From accounts denominated in hryvnia (the national currency of Ukraine), the limit is the equivalent of 12,500 hryvnias per calendar week (currently approximately 275 euros). The limit for cash withdrawals from Ukrainian card accounts denominated in foreign currency is much higher – the equivalent of 100,000 hryvnias per day (approximately 2,200 euros).

The regulator's restrictions have not significantly impacted the scale of reverse remittances from Ukraine. On the contrary, they grew at least three times year-on-year in 2022 alone. It is clear that the main recipients of these funds from Ukraine were Ukrainian forced migrants.

Field research in Germany and Austria

Given the novelty of this phenomenon and its possible impact on all stakeholders, I decided to conduct a series of qualitative interviews with Ukrainian forced migrants in Germany and Austria, aiming to answer topical questions, including:

- Which channels for financial assistance from home are most often used by Ukrainian refugees (bank transfers, online payments, cryptocurrency, cash, etc.)?
- How significant is this support for displaced Ukrainians abroad and what are the funds received usually spent on?
- What challenges do refugees face when it comes to reverse remittances (restrictions on the amount of money that can be transferred or withdrawn from the card, high foreign exchange conversion fees, etc.)?
- Does the gender of the displaced Ukrainians influence the dynamics and specifications of reverse remittances?

Finally, the survey findings aimed to clarify the implications of reverse remittances for both Ukraine and the host countries, with the aim of making recommendations to enhance the positive, and mitigate the negative, effects of such transfers for all stakeholders.

Accessing financial support from home

Almost all of the Ukrainian forced migrants interviewed confirmed that they either had received remittances from Ukraine or were continuing to receive them. The frequency of these reverse remittances was higher immediately upon arrival in the host country. In most cases the regularity of these transfers from Ukraine began to decrease over time. Some no longer received any funds from Ukraine, mainly due to their integration into the host society and, in particular, into the local labour market.

However, there are other reasons why the flow of reverse remittances has become smaller. For example, one Ukrainian woman said:

"Circumstances have changed in Ukraine. My husband used to be able to transfer more money to us, but now he can't any more as his expenses at home have increased significantly, while his salary has remained the same."

The expenditure patterns of Ukrainians in the two countries where the research took place look quite similar and limited. Spending is mostly on food, clothing, education and entertainment. The latter includes visits to museums and exhibitions, children's entertainment centres, cinemas and the like.

When asked who they received reverse remittances from, respondents often mentioned husbands and other relatives. Most respondents were female as women and children account for over 80% of all forced migrants from Ukraine.[4] Salaries paid in Ukraine and the respondents' own savings were also often cited as sources of funds.

The results of the survey indicate that the NBU's severe restrictions on the withdrawal of funds abroad have left Ukrainians with one main option for accessing their funds outside Ukraine – using bank cards issued by Ukrainian banks. The card is used in two ways: either to pay directly at a cash desk or to withdraw the required amount of cash from an ATM. Of course, in both cases there is an automatic conversion of hryvnia into the local currency (in this case, the euro). Respondents commented that this method, albeit the only choice, has a number of clear advantages including convenience, speed and access to online banking where they can monitor transactions and balances.

Isolated answers pointed to people physically carrying cash (either for themselves or for others) out of Ukraine. Interestingly, none of the respondents mentioned international online payment systems or cryptocurrency as a way to transfer money from Ukraine.

Continued reliance

There are two main trends related to the ongoing importance of the funds received from Ukraine. For a large portion of the respondents transfers from home continue to be a significant source of support in the host country, particularly when respondents either do not have paid work at all or their salary is low. Often social payments from host governments do not allow refugees to satisfy their basic needs in full, especially for families with children or disabled persons. In such situations, reverse remittances help people to cope with various financial challenges and emergency needs. Some interviewees also indicated that regular financial assistance from Ukraine is vital to maintain the high standards of living they had in their home country before the war.

A smaller group reported that reverse remittances no longer mean much to them. While they were initially highly reliant, this is no longer the case as they have gained employment in the host country. For one female respondent in Austria, the source of her money from Ukraine is in some sense a burden:

"I continue to work remotely in Ukraine, but the time and efforts required of me by my employer are excessive and unjustified. Yes, I will earn something back home that I can spend here. However, it is a very small amount that I am virtually no longer dependent on."

Without exception, all forced migrants from Ukraine we interviewed stated that they do not experience any challenges associated with transferring funds or spending their money in the host country. Ukrainians are quite sympathetic to the fees charged by banking institutions for converting hryvnias into euros. Since the amounts they usually withdraw from ATMs or spend at cash desks are quite modest, such fees are not too significant for them. The same can be said about the restrictions imposed by the NBU. All respondents very rarely exceed the limits set by it.

Gender differences in responses

Men were much less represented among the respondents and their answers somewhat differed from the overall findings. Firstly, some of them did not receive any reverse remittances from Ukraine at all. They reported supporting themselves purely through employment in the host country and not depending on financial assistance from home. Secondly, those who do use funds from Ukraine rely solely on their salaries, their paid-for remote work or savings. Assistance from relatives was not mentioned, except in one specific case:

"I don't need any material assistance from my relatives in Ukraine. It's me who has to help them. Nevertheless, on rare occasions, I do receive modest sums of money from them. For instance, it could be a financial gift from my parents on the occasion of their grandchildren's birthdays. This is the only reason why I allow them to remit funds to me."

Key findings and recommendations

The research confirmed the significant dependence of Ukrainian refugees on reverse remittances, especially in the first period after moving abroad. It also showed that the existing legal limitations and fees do not impede the transfer, conversion and utilisation of funds received from Ukraine. The interviews did not reveal any critical differences between the responses in Germany and Austria. Consequently, it is reasonable to assume that similar survey findings might also be found in other countries, primarily within the European Union, which have hosted forced migrants from Ukraine over the past two years. In fact, an even greater reliance on reverse remittances by Ukrainians might be observed in countries that do not provide the same level of social protection, financial assistance and job opportunities as Germany and Austria. Should such discrepancies exist, they may be revealed through further research.

The survey findings enable the formulation of recommendations for all relevant stakeholders and policymakers:

- **For forced migrants**
  The desire voiced by the majority of respondents to end dependence on such transfers as soon as possible can be realised through more active integration into host societies. Language acquisition and legal employment in the host country will certainly reduce and eventually stop the flow of reverse remittances.
- **For host countries**
  The fact that Ukrainian refugees still depend on financial assistance from Ukraine highlights the need to continue to offer various forms of support including affordable integration courses, social and financial benefits, and assistance in finding employment. A reduction or cessation of such assistance would have a significant negative impact on the socio-economic situation of these displaced people.
- **For Ukraine**
  The Ukrainian authorities should intensify dialogue with their foreign partners on the continuation of socio-economic support for Ukrainians abroad. Any suggestions by Ukrainian politicians that this support should be discontinued in order to encourage refugees to return home would be counterproductive.[5] As long as the war goes on, the majority of forced migrants will not return, but if support by host countries decreases then their dependence on reverse remittances will increase. This, in turn, will exacerbate the challenges currently facing Ukraine's monetary and financial system.[6]

Taras Romashchenko
Visiting Professor and Senior Lecturer, Bielefeld University, Germany; and

Associate Professor of International Economics, Bohdan Khmelnytsky National University of Cherkasy, Ukraine

taras.romashchenko@uni-bielefeld.de

linkedin.com/in/taras-romashchenko

1. *The New Voice of Ukraine 'Ukrainians' expenditures abroad triple to $2 billion a month' 12th December, 2022 bit.ly/ukrainian-expenditure-abroad*
2. *National Bank of Ukraine 'External sector statistics' bank.gov.ua/en/statistic/sector-external*
3. *National Bank of Ukraine (2022) Resolution on the working of the banking system in the period of martial law bit.ly/ukraine-martial-law-banking*
4. *reporting.unhcr.org/operational/situations/ukraine-situation*
5. *See 'Advisor in Kyiv: Ukrainian refugees should return to their homeland' (in German), Tages Anzeiger, 20th January, 2024 bit.ly/ukraine-refugees-should-return*
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Community support in underfunded refugee camps: stories from Aysaita and Dadaab

Boel McAteer

Refugees living in Aysaita camp in Ethiopia and Dadaab in Kenya struggle to meet their own basic needs. Despite severe hardship, interviewees describe sharing the little they have with others in more severe need.

Faduma from Somalia making fire to cook inside of a shelter in Dadaab camp, Kenya. Credit: Arete/Brian Ongoro/IIED

Refugees in protracted displacement are often among those most affected by funding cuts and least visible in media and humanitarian reports compared to those affected by emerging crises. Research conducted among refugees in Ethiopia and Kenya between 2021 and 2022 shows the impact funding cuts have for refugees in camps. It also demonstrates that where refugee responses lack finance, these most vulnerable populations fund some basic service provision collectively. However, this does not mean that more financing is not required, rather the research shows the severe consequences of refugees being trapped in underfunded camps.

Aysaita[1] refugee camp in Ethiopia and the Dadaab complex of refugee camps in Kenya are, like many of the world's refugee camps, both situated in economically underdeveloped areas affected by droughts and conflict. For many years there have been insufficient funds for camp services, shelter and food in both Aysaita and Dadaab. In

2024, UNHCR's Ethiopia country programme has only received 11% of its required funding and its Kenya country programme has only received 23% of its required funding.

The International Institute for Environment and Development (IIED) set out to compare refugee wellbeing and livelihoods in camps and cities in four countries.[2] This article draws on a quantitative survey with 366 Eritrean refugee participants in Aysaita and 382 Somali refugee participants in Dadaab, combined with 48 semi-structured interviews involving 12 men and 12 women in each location. The research revealed extreme poverty in both camps.

Basic needs unmet

Refugees residing in Dadaab and Aysaita struggled to meet basic needs with the provisions they received, while opportunities to work were extremely limited. In Dadaab, this situation was exacerbated by the fact that special permits are needed to leave the camp, and accessing work is not included on the list of reasons for granting such permits. In Aysaita, on the other hand, residents were free to move in and out of the camp, but interviewees explained that it had become too expensive to move as cash support was cut.

A majority of survey respondents in both camps stated that they did not have enough food to eat in the last seven days, and interviewees highlighted reductions in the aid provided for them. In Aysaita, 75% of survey respondents stated that their shelters were not adequate and dignified, often because they were built with inadequate materials and exposed to sunshine, heat, wind and rain. Many respondents described their homes as risky and potentially dangerous during the rainy season.

In both camps, the majority of residents relied on aid as their main income as work availability was scarce. In Aysaita camp, only 8% of survey respondents were earning money from work, while 76% stated that aid was the main income in their household. In Dadaab, 25% of respondents were working and 48% relying on aid as their main income. Reduced aid provisions combined with the lack of livelihood opportunities and mobility leave important income gaps. While only 2% of respondents in Aysaita and nobody in Dadaab stated that they are part of an organised savings group, interviewees revealed a culture of collecting money in support of neighbours in need.

Community support

Despite many being concerned about having enough food for their own families, interviewees in Aysaita camp stated that they often share what they have with others in need. For life events like marriage, the birth of a child or the death of a family member, the community gathers and contributes what they can to the family, including food, livestock and money. One interviewee, a 60-year-old woman from Eritrea, explained:

"Everyone provides what they have. Those who have goats give goats, those who have money give 50 birr, 100 birr, or more based on their ability, others collect firewood, or prepare food. We stayed with those who lost their relatives for weeks. The same for marriage, we celebrate religious and cultural events here together. We are one family in this camp."

This kind of support in Aysaita is not limited to special events; the community also supports new arrivals who have not yet registered to receive food and shelter. If there is no immediate family available, someone else in the community will take the newcomers in, as another Aysaita resident, a 30-year-old man from Eritrea, explained:

"For people who do not have anything to eat, we share what we have and regarding death and disease, we do not say this is his or her issue. We consider it as our shared issue, and we help each other and do it together."

In the Dadaab camp complex, interviewees shared their experiences of collectively raising money to pay for hospital bills. In one case, a 34-year-old Somali woman needed surgery following medical complications after childbirth. She could not receive the treatment she needed in Dadaab and had to seek care outside of the camp. Her extended family and neighbours then raised money to pay for surgery in Nairobi. She expressed gratitude to the whole Muslim community for this, suggesting that people from further away also contributed to her treatment. Even after this surgery, she was not well enough to work, which she described as suffocating. While recovering she had to rely on others to feed her three children and lived rent free in someone else's house. Despite this support, she still had to ask for loans to meet the needs of her children. She stated:

"I used to go and work at the hotel, but now I cannot… I stay at home and depend on people to help me. Whatever I get is what I will use to make breakfast for my girls and whatever is left I leave it for dinner. We skip lunch because we cannot afford it."

Sharing scarce resources

Others in Dadaab told similar stories of raising money for others, which indicates that neither food nor the healthcare provided for camp residents is enough to meet their needs:

"If a person is sick, we come together as a community to raise funds for them in order to get better healthcare. And also, we give the person foodstuffs such as oil and rice in order for them to have something to eat." *Somali woman, aged 39*

"We also come together to raise funds for people who have huge financial burdens or debt." *Somali woman, aged 45*

When provisions of food and money are not enough, food vendors are the ones who step in. Running a shop or a market stall within a refugee camp frequently means selling goods on credit, as too many of the customers would otherwise not be able to shop at all. In Aysaita camp, this was a recognised system among those receiving cash support, where shop owners could be confident that customers would pay them as soon as the next cash instalment was due. However, interviewees observed that this trust-based system crumbled as the cash support became infrequent and unpredictable. The underfunding placed a burden on those who sell food and other goods, as well as the buyers who may end up in long-term debt as a result.

Childcare is another form of mutual support among women in Dadaab. Recognising that taking care of someone else's children, cooking or cleaning for them, enables them to work and earn. A 52-year-old Somali woman in Dadaab stated:

"I help the best I can. When my neighbours are not around, I look after their children. I give them food, and they do the same for me. […] During weddings or when someone is sick, I contribute the little I can. If I don't have any money, I help in kind, like looking after their children, cooking for them, and so on."

This woman was a widow who worked in the camp as a casual labourer, cleaning and cooking for others who could afford to pay her. As such, her income was not regular, and she did not always have money to give. She then provided the same services for free to her neighbours when she could not support them in any other way, and expressed that they do the same for her. At the same time, she described the strain of not earning enough money to feed her family. When her husband was alive, they both did casual jobs and could use his income for their daily needs and save hers for clothes and emergencies. With only one income, there is not always enough for their basic needs, as she explained:

"Whatever food we get is not enough, we need to buy clothes by ourselves. Like yesterday, we did not have any cooking oil in the house and it was too expensive. I also did not have tomatoes or onions, but I had potatoes. I asked my kids if it was okay if I boiled potatoes for them and if I got some money we would have a better meal in the evening."

Funds from the poorest

Where refugee support is severely underfunded, the most vulnerable are being left to raise money for themselves. Refugees based in camps, where their rights and ability to move in search of better opportunities are restricted, are trapped in a situation where their most basic needs are not met. In such a dire situation, refugee communities still support each other with what they have.

While it is well-known and documented that poor communities often rely on this type of collective support, previous research has pointed to the danger of designing refugee support built on the assumption that any community providing such support for each other must be doing well enough for donor support to be withdrawn.[3] This data clearly demonstrates that such community support takes place even in situations of grave difficulty, while also showing that refugee camps do not provide the support they promise for the most vulnerable. IIED's broader research shows that towns and cities hold better opportunities to support refugees at a much lower cost.[4]

Boel McAteer

Researcher, Human Settlements Group, International Institute for Environment and Development (IIED), UK

boel.mcateer@iied.org

X: @boelmcateer

1. *Aysaita is also spelled Asaita, Asayta or Asayita depending on the source.*
2. *This data was gathered within the Global Challenges Research Fund-funded project Out of camp or out of sight? Realigning response to protracted displacement in an urban world: www.protracteddisplacement.org*
3. *Omata, N. (2017) The myth of self-reliance: Economic lives inside a Liberian refugee camp, Berghahn Books*
4. *IIED (2024) Displaced people: the need for an 'urban first' approach www.iied.org/22526iied*

Who holds the purse strings in online crowdfunding for Palestinian organisations?

Frederike Onland and **Mohammad Abu Srour**

To avoid restrictive institutional funding policies, Palestinian organisations are turning to online crowdfunding. However, this source of funds also has limitations and places power in the hands of corporations and individual donors.

During the Oslo Accords in the early 1990s, Western support for humanitarian and development organisations in the Occupied Palestinian Territories burgeoned. International political actors from European countries and the United States pledged large sums to the newly established Palestinian National Authority to buttress the Palestinians' acceptance of the Oslo agreements and strengthen the pseudo-State to create a viable partner in the peace process. Simultaneously, more funding became available to new and existing Palestinian civil society organisations (CSOs), who were expected to help implement this agenda.[1] To be eligible for funding, organisations had to ensure their projects fitted in the Western-led peace process framework and maintained bureaucratic standards allowing for rigorous assessment procedures and audits.[2] Since the start of the War on Terror in 2001, even more conditions have been placed on Palestinian organisations due to donors' fears that funding will end up in the hands of groups deemed to be terrorist organisations. These processes have resulted in a restrictive funding culture for Palestinian CSOs, who have to meet stringent conditions to receive funds for their activities.

Some of the Western institutional donors' demands go well beyond standard accountability and transparency procedures in funding agreements and have been criticised for being discriminatory, and for infringing on Palestinians' right to freedom of expression and association.[3] For example, the European Union famously added anti-terrorism clauses to their funding contracts that can criminalise Palestinian activism and peaceful resistance. Under EU regulation, engaging in moderate activism, supporting communities in Area C (part of the Palestinian territory in the West Bank which *de facto* remains under Israeli control),[4] or having staff or beneficiaries that have been imprisoned by Israel is enough to be excluded from funding.[5] Similarly, Sweden announced that it would require Palestinian organisations to unconditionally condemn Palestinian armed resistance groups if they were to receive funding for humanitarian or development projects. In addition, funding for projects that advocate for the Right of Return or mention occupation, settler colonialism and apartheid is withheld, while projects that do receive funding are routinely reduced in scope to humanitarian aid only. For many Palestinian organisations, these are conditions that they cannot meet or refuse to meet. As a result, many Palestinian CSOs have limited or no access to funding from these key Western institutional donors.

Seeking alternative funding sources

In the context of restrictive institutional funding policies and a growing discontent with international organisations' solutions to issues faced by Palestinians, Palestinian

CSOs have been seeking alternative funding sources that allow them to uphold their principles. Some have turned to online crowdfunding platforms, such as GoFundMe, LaunchGood, and JustGiving, to supplement or replace conditional sources of funding. These online platforms are attractive, as they allow organisations to raise funds for their activities without having to conduct monitoring and evaluation procedures or create reports for donors to demonstrate how money was spent. In addition, as long as they comply with the rules of the platform, the organisations can fundraise for any cause or project. Though the amounts raised are usually smaller than a traditional grant, online crowdfunding provides organisations with funds that are more flexible and less labour-intensive.

The authors of this article have both worked for a grassroots, community-based organisation in a Palestinian refugee camp in the West Bank,[6] which has turned to online crowdfunding. This organisation organises humanitarian aid and development projects, such as educational support, sports, art classes and psychosocial counselling for children and youth from the refugee camp. In addition, the organisation has been a hub for activism and international solidarity, the political climate permitting.

Funding deficits and the rejection of some institutional donors' conditions led to the organisation setting up online crowdfunding campaigns. Its first crowdfunding campaign, launched in 2019, provided the organisation with roughly 60% of its total budget. In 2024, the vast majority of the organisation's funds come from online crowdfunding, predominantly from individual donors in the United States. The unconditional funds have allowed the organisation to support their community, as well as some neighbouring communities in Area C, according to their own principles and priorities.

At first sight, online crowdfunding appears to be an attractive solution for Palestinian organisations who struggle to access more traditional funding sources. By appealing directly to individual donors through their online networks and the platforms' interfaces, CSOs can access funds for their humanitarian, development and activism activities. The crowdfunding platforms enable the CSOs to reach geographically dispersed individuals who share a commitment to the cause, or the specific activities fundraised for, thus circumventing the need for State-led institutional donors. This is especially important in the current context, in which awareness of the Palestinian cause is growing worldwide, while Western States continue to withhold or limit funding to organisations advocating for, or serving, Palestinians. In short, online crowdfunding could be seen as a grassroots funding revolution providing unconditional funding to Palestinian CSOs.

The need to appeal to individual donors

However, online crowdfunding is not a panacea for Palestinian organisations' funding issues, nor can it be heralded as a grassroots funding revolution. This funding strategy comes with its own restrictions and power dynamics that still limit Palestinian CSOs' agency and independence.

Rather than appealing to specialised staff at donor institutions, the Palestinian CSOs setting up online crowdfunding campaigns have to entice individual donors worldwide to contribute to their projects. This requires a new set of marketing skills and limits the types of projects that Palestinian organisations can fundraise for. Some areas of action are more popular than others: health-related initiatives are easier to fundraise for online than arts projects, for example. In addition, since donors to online crowdfunding campaigns are generally not specialists in the development and humanitarian field, the project needs to be explained in simple and compelling terms.[7] This means that more complex initiatives, that require a deeper understanding of the social, political and economic context, are difficult to translate into a successful crowdfunding campaign.

Recently, the organisation the authors worked for simultaneously fundraised for in-kind emergency aid in the refugee camp and for a long-term project to teach tech skills to young refugees. The aid campaign overwhelmingly outperformed the tech fundraiser. Moreover, when a solidarity group from the United Kingdom was asked to help fundraise online to establish the tech skills programme, they replied that they would prefer to fund the aid appeal, even though it was clear that sufficient funds were collected for the latter. This illustrates a general trend, in which donors prefer emergency appeals over long-term development projects, regardless of what the refugee-led, grassroots organisation identifies as a greater need.

The limitations imposed by crowdfunding platforms

In addition to the donors, there is another actor that controls the flow of funds to Palestinian organisations: the crowdfunding platform. Getting a campaign accepted and receiving funds from the platform after collection has ended is not always straightforward. The for-profit platforms have laws to adhere to in the countries where they are based, as well as their own business objectives and political views. Not only do these businesses have a legal obligation to adhere to anti-terrorism laws, but they are also risk-averse and know they are vulnerable to threats and litigation from groups who oppose fundraising for Palestinian CSOs.[8] Therefore, restrictions and lengthy due diligence processes often complicate the release of collected funds. The platforms ask numerous questions about the destination and use of funds, and will reject the campaign over something as small as terminology, like mentioning the terms apartheid, Right of Return, or occupation. If the CSO's documents, transfer methods, campaign text and proposed activities do not pass the platform's checks, all collected funds will be returned to the donors.

Though the grassroots organisation the authors worked at is a registered NGO in the Palestinian Territories with a proven track record, obtaining collected funds from various platforms has proven difficult. For example, in 2019 the organisation was engaged in a drawn-out due diligence process with GoFundMe. GoFundMe would not release funds to a Palestinian bank account and required documentation that Palestinian CSOs do not routinely have. Only with the help of a European volunteer were the funds released and transferred to the NGO.

Since this incident, the organisation predominantly uses the crowdfunding platform LaunchGood, which caters to Muslim organisations and donors. However, this platform requires Palestinian CSOs to register with a US or Canadian non-profit as a partner, which LaunchGood explained is in order to adhere to US terrorism laws.[9] This means the organisation had to find a US or Canadian charity willing to collect and transfer funds on their behalf, which in turn influences the kind of projects they are able to fundraise for. The US partner asked the Palestinian organisation to remove any 'political' language that commented on the Israeli occupation, and instead use exclusively humanitarian terms and objectives for the online fundraiser. These anecdotes show that, in practice, using crowdfunding platforms is not a straightforward process for Palestinian CSOs, and the platforms' policies restrict who can raise funds, and for what cause.

Beyond crowdfunding

While online crowdfunding allows Palestinian organisations to access more flexible funds in the context of restrictive Western institutional funding policies, this fundraising method cannot be celebrated as a solution for unconditional funding. The well-documented problematic hierarchies and restrictions inherent to funding from Western institutional donors are not solved by online crowdfunding. Rather, power has been placed in the hands of individual donors, who must be enticed to donate to the proposed project or cause. Thousands of internationally dispersed individuals need to be convinced to donate to match the amount a single institutional donor could provide through a grant.

In addition, crowdfunding platforms are for-profits that must adhere to laws and protect their own business interests. This precludes Palestinian CSOs from successfully fundraising for certain projects. While emergency aid and health-related projects are relatively simple to raise funds for, more specialised development programmes that invest in the long-term well-being of Palestinians and political activism initiatives may not be able to secure funding. This means that, especially for projects with a more political nature, Palestinian CSOs still experience a funding gap that is not remedied by online crowdfunding.

For Palestinian CSOs to respond to the needs of their community and exercise their right to freedom of expression and association, unrestrictive funding sources are required. This funding should be sustainable, supportive of Palestinian collective goals, and not conditional on Western States' policies vis-à-vis Israel and the Occupied Palestinian Territories. Piloting alternative funding sources and mechanisms should be a priority for those who support a thriving Palestinian civil society.

Frederike Onland
Doctoral Student, University of Oxford, United Kingdom

Mohammad Abu Srour
Volunteer Palestine, Occupied Palestinian Territories

abusrour.md@gmail.com

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Beyond indicators: lessons from financing the Jordan Compact

Katharina Lenner and **Lewis Turner**

The Jordan Compact promised 'win-win' solutions for Syrians and the Jordanian government, allowing Syrians to work and boosting Jordan's economy. However, the Compact's financing structures have led to limited change for Syrian refugees.

The Jordan Compact,[1] announced in early 2016, was hailed as a transformative approach to refugee livelihoods in protracted displacement. It promised to provide about 200,000 job opportunities for Syrian refugees in Jordan, and to turn the Syrian refugee crisis into a 'development opportunity'.

In exchange for facilitating Syrian refugees' access to the formal labour market, Jordan would receive significant additional donor financing to support its hosting of over 650,000 registered Syrian refugees. One key assumption driving the implementation of the Compact was that formalising refugee livelihoods would bring a range of benefits to refugees, including more stable work and better working conditions, thus increasing Syrian refugees' self-reliance.

Research has highlighted the Compact's key challenges and limitations, including how the Jordanian context and the perspectives of local experts, including refugees, were neglected in policy design, and the limited integration of a human rights or a labour rights perspective. It has also demonstrated the modest changes the Compact offered Syrians, its effects on other marginalised workers, and the very limited achievements of its high-profile trade reforms. But there has been much less focus on the Compact's financing, and the effects this has had on how it played out.

At the heart of the Compact was a World Bank Program for Results (P4R), which was supported by the Global Concessional Financing Facility[2] (GCFF), initially worth up to USD 300 million (and later increased to USD 400 million). P4R is a lending instrument first adopted by the World Bank in 2012, in which the Bank and recipient government agree on performance indicators and funds are disbursed according to the extent to which these indicators are achieved.

P4R is still relatively new within forced displacement response. The Jordan Compact P4R programme, which ended in January 2024, offers an important opportunity to understand its role in financing responses to displacement. While, according to UNHCR,[3] the Compact puts Jordan "at the forefront of global efforts to give both refugees and host communities access to decent work," many practitioners in Jordan now express both unease and disillusionment about the impact of the Compact. Our own research demonstrates that the P4R's focus on easily quantifiable indicators as a means to advance labour formalisation is a crucial reason why the Compact has led to only modest changes in Syrian refugees' working lives.[4]

The limits of indicator-oriented formalisation

Questions surround the effect of the ostensibly impressive number of work permits issued to Syrians over the past eight years. As the first disbursement-linked indicator of the P4R, and the one connected with the largest disbursement sum, it became the central focus of livelihoods programming in Jordan in the wake of the Compact. On paper, the work permits drive has made great strides, with nearly 446,000 work permits issued to Syrians between February 2016 and March 2024. According to an ILO discussion paper[5] and numerous other studies, holding a work permit has made Syrians feel more secure while working, and less likely to suffer police harassment or deportation (to Azraq camp or even to Syria), which is a meaningful change in people's lives. Yet, for those who hold jobs, having a work permit has not led to substantially higher wages or improved working conditions.

Work permits have also become increasingly detached from jobs, partly due to the way permits are counted. The count that has become decisive for funding disbursement is a cumulative one – it counts each work permit issued (for the maximum duration of one year), rather than each person holding a permit. The numbers have been further bolstered by the issuing of retroactive permits (for work assumed to have been undertaken – without a permit – in previous years) for Syrians who obtained a work permit for the first time.

The work permits currently held by the vast majority of Syrians are not tied to a specific job or employer. Rather, they legalise self-employment or casual employment, which is often precarious, irregular and badly paid. Work permits are also issued for participation in NGO-run 'cash for work' projects, which can last as little as three months, and very rarely lead to more permanent jobs. While these cash-for-work permits count towards the target in the same way as any other year-long permit and thereby perpetuate the idea that Syrian workers are sustainably employed and protected, they expire after the end of the individual's participation in the project. The work permit reforms have helped to create impressive statistics and helped Jordan to make substantial progress towards reaching the targets set by the P4R, but very little can be ascertained about Syrians' employment – or their working conditions – from the permit numbers alone.

The Compact barely addresses working conditions. Attempts to mitigate this within the P4R financing instrument have not been clearly successful. They centred around subscriptions to the national social security system as a new indicator. In choosing this indicator as a proxy for decent working conditions, the World Bank and its partners fell back on the prevailing international policy assumption that integrating refugees into national systems is desirable and beneficial in the medium term.

Mandatory membership in the national social security system replaced a private insurance scheme that had been running in the construction sector. That scheme was well-adapted to the needs of Syrians in Jordan, who are typically more focused on the cost of contributions and cover for workplace injuries, rather than pensions. The State-sponsored system to which all permit holders now have to contribute is not adapted to their concerns to a similar degree. While some workers have been able to access benefits through their subscriptions, many have experienced the scheme as an additional tax rather than an effective mechanism of social protection.

Similarly, attempts to address Syrian (as well as Jordanian) women's low economic participation rates through the P4R focused on the licencing and registration of home-based businesses. While programmes set up to achieve this indicator did help some women establish or formalise existing small businesses, many more found few benefits in undertaking this costly, complex and bureaucratic process, which formalised the businesses but not typically the work. Most Syrian women in Jordan who are engaging in paid labour are undertaking survival-oriented economic activities, typically from home, often in food production or handicrafts. This work is oriented to the short or immediate term, fits around other responsibilities, is precarious and unstable, and thus cannot be formalised in such a way. The focus on home-based businesses as an indicator has not addressed their needs sufficiently.

The P4R formally came to an end in January 2024. As this date approached, the Jordanian government began to take steps that threatened to undermine the whole structure of the Compact and reverse key gains made, such as Syrians' increased sense of safety from harassment by the authorities, modest wage increases (for some) or social security for those who could indeed benefit from being subscribed. Most crucially, in October 2023, changes to the social security law meant that many Syrians' contribution rates increased dramatically (particularly for the most popular type of permit, the 'flexible work permit'), and the obligation to pay the higher rate was backdated to January 2023. This has left thousands of Syrians with sudden and unbearably high debts,[6] which continue to accumulate. In addition, since July 2024, all Syrians are now asked to pay over 500 Jordanian Dinar (JOD) annually for renewing permits, in contrast to the JOD 10 they had paid since the establishment of the Compact.

Rather than gradually developing trust in the social security system as part of the work permits scheme and benefitting from formalised labour, most Syrian work permit holders now perceive both as a threat and find themselves trapped in a cycle of debt, which they can only realistically address by returning to informal work. This essentially punishes Syrians who formalised their labour, as both the government and donors asked them to do.

Lessons for displacement financing design and review

It is hard to imagine large-scale financing with no indicators or performance metrics (at least in the short term). However, the trajectory of the Jordan Compact demonstrates that measurement-driven forms of refugee governance can develop a life of their own, becoming increasingly disconnected from refugees' lives and actual needs. To be successful, the design of large-scale financing instruments needs to involve serious consideration of how policy goals are translated into indicators. Two core principles need to guide programming developed on the basis of these financing instruments and the selection of indicators for them.

- Substance over form
  Indicators need to centre achievements that – according to the proposed beneficiaries – would represent meaningful and substantive improvements to their lives, rather than readily-quantifiable targets that are ostensibly proxies for meaningful changes.

- Refugee participation
  The search for indicators should include refugees in the design and evaluation stages. For example, large-scale refugee-led surveys, combined with qualitative research, could provide insights into refugees' priorities and whether they believe their lives have changed for the better because of policy interventions.

In the case of future livelihoods interventions, financing initiatives could learn from the

Jordan Compact by prioritising:

- **Policy interventions that will outlast financing**
  Legal changes of a more permanent nature, which are not reliant on continuous donor funding for their implementation and provide refugees with rights, would help refugees to establish themselves in the medium term and become more self-reliant even when large-scale funding becomes unavailable. For Syrian (and other) refugees in Jordan, this could include the right to open a bank account, own their own business without a Jordanian partner or easily obtain a driving licence.
- **Labour organising**
  Policy interventions seeking to improve the livelihoods of refugees need to see refugees as workers. Formalisation can easily become a hollow instrument if it is not accompanied by reforms that support labour organising and increase refugee workers' individual and collective power. These could include work with unions and workers' rights advocates, raising workers' capacity for self-organising, and legal support to enable workers to access their rights more effectively.

In sum, large-scale financing instruments for displacement contexts must go beyond easily accessible numerical targets as proxies for positive change. The case of the Jordan Compact demonstrates this clearly, and cautions against a livelihoods approach based on a superficial focus on formalisation as a supposed panacea for labour market integration of refugees. To ensure that programming in the wake of these financing instruments remains connected to refugees' lives (and makes a lasting difference), refugees need to be involved in the determination and continuous review of suitable indicators of success.

Katharina Lenner
Lecturer in Social and Policy Sciences
University of Bath, UK
k.lenner@bath.ac.uk

Lewis Turner
Senior Lecturer in International Politics
Newcastle University, UK
lewis.turner@newcastle.ac.uk

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Refugee bonds: social impact investment and implications for international protection

Daria Davitti, Sara Arapiles and **Pablo Pastor Vidal**

Refugee bonds have the potential to complement public sector funds and support refugee host countries' economic development, but an emphasis on refugees' contributions to the labour market may jeopardise the protection offered to them.

Over the last decade, following a general decline in aid from traditional donors, the international community has dramatically changed how it seeks to fund humanitarian responses to refugee flows, with an increasing reliance on 'refugee finance'. This term refers to new financial instruments aimed at attracting private capital, which are promoted as market-led solutions to the societal challenges raised by the arrival of large numbers of refugees.

This paradigmatic shift 'from funding to financing' is based on the assumption that private capital will successfully complement public sector funds to resource refugee responses and support host countries facing the fiscal stress of hosting refugees. The promise of refugee finance is that it will bridge the gap between humanitarian and development responses, while also supporting the economic development of the host countries. However, we know very little about the socio-economic, legal and financial implications of this shift towards refugee finance, and previous efforts to attract private capital, for instance, in the development and climate change contexts have proven unsustainable.

Through the example of the KOTO social impact bond in Finland (2017-2023),[1] aimed at integrating refugees into the Finnish labour market, it is possible to reflect on some of the broader challenges raised by this financial turn. More specifically, the concern is that it may increase the precarity and temporariness of protection and entrench policies aimed at externalising migration control and containing refugees in the area of origin.

Understanding refugee financial instruments

There are four main types of financial instruments which fall under the umbrella of refugee finance:

1. **Concessional loans:** loans made to a borrower by a government or a philanthropic investor at below market rates.
2. **Technical assistance funds:** funds aimed at supporting the setting up of a new business. Envisaged mainly as 'ecosystem builders', they facilitate refugee entrepreneurship and attract further private investment.
3. **Guarantees and risk insurance:** parametric insurance tools for natural disasters and pandemics are good examples of these types of instrument which are usually provided at below market rates.
4. **Design-stage grants:** these are usually linked to changes in the legal or policy framework of the host country. In the refugee context, for instance as part of the Jordan Compact, these instruments have been used to introduce legislation that enables refugees' access to the labour market, within certain limited circumstances.

Social impact bonds for refugees

Social impact bonds (SIBs) take some of the characteristics of technical assistance funds (creation of new ecosystems) and guarantees (de-risking) to create a specific form of innovative, results-based finance used to address social issues. In practical terms, SIBs are multi-stakeholder contracts through which governments and external investors, such as foundations or development agencies, share the risk of investing in social policies. They are unlike traditional debt instruments issued by a government in that the remuneration of the investor depends on whether the outcomes stipulated in the contract are reached within a specified time period. If the outcome is successfully achieved, a return on investment is paid to the investors. SIBs for refugees are seen as attractive solutions with benefits for all the stakeholders involved.

In a SIB the government usually provides the funds to remunerate the investors when the agreed outcomes are reached. Governments may not want to mobilise capital in advance to fund refugee policies (for budgetary or political reasons), a SIB allows them to increase the pool of money available for refugee programmes without having to allocate money in advance. Banks or other financial institutions are the intermediaries responsible for setting up the SIB contract and overseeing the project implementation. They receive the funds from private investors and transfer them to the service providers. When the outcomes are achieved, they also receive the payment from the outcome funders (the government) and remunerate the investors. The financial institution benefits from the fee that they receive and from the opportunity to expand the portfolio of investments available to their clients.

Service providers are usually non-governmental or non-profit organisations tasked to work with the beneficiaries of the project linked to the SIB (in our case the refugees) and to achieve the social outcomes agreed in the contract. They receive the funds from the intermediary to implement the projects. The benefit for them is that they have more flexibility in how they carry out and adjust their activities because payments are based on final outcomes rather than on how such outcomes should be achieved. Once the SIB cycle ends, the government can decide whether to continue with the SIB or revert to a traditional form of funding.

A Finnish experiment

A refugee SIB was issued by the Finnish government, based on the model described above, as part of the response to refugee arrivals in 2015 following the escalation of the armed conflict in Syria. After an initial pilot in 2016, the Finnish Ministry of Economic Affairs and Employment issued the nationwide KOTO SIB in 2017. The bond was planned for implementation over three years with the aim of enabling labour market access for refugees through vocational and language training. As the first refugee SIB of its kind in Europe, it was co-financed[2] by the European Investment Fund, the European Fund for Strategic Investments and the European Commission, together with private and institutional investors.

Approximately 14.2m euros were raised from investors, with the European Investment Fund providing 71% of the total investment, as well as significant knowledge and expertise about fund structuring and governance. The beneficiaries of the SIB[3] were immigrants between 17 and 63 who had been granted a residence permit on the basis of international protection and who had registered as unemployed job seekers with the Finnish Employment and Economic Development Office. The vocational training offered to the beneficiaries was linked to key shortages in the Finnish job market and the impact of the KOTO SIB was tracked through the beneficiaries' identification numbers, with the Social Insurance Institution of Finland (Kela) monitoring the data on unemployment benefits, and the Finnish Tax Administration monitoring the data on income tax.

The Finnish Ministry of Foreign Affairs and Employment selected Equipus Ltd, and later FIM Impact Investing Ltd, as intermediaries responsible for setting up and overviewing the SIB. The agreed outcome was the inclusion of 2,500 participants in the job market over three years. According to available data, 2,217 people participated in the programme, with 1,692 participants receiving training for at least 70 days, and 1,062 in employment by the end of 2020. The 50% success rate of the KOTO SIB was presented by the Finnish government as a 'win-win-win'[4] for the host State, the refugees and the investors. Yet, the initiative was not extended, and the KOTO SIB has been replaced by a broader performance-based employment programme targeting those in long-term unemployment.

Possible implications for international protection

Based on the example provided above, it is still early to conclusively evaluate the benefits and drawbacks of refugee bonds. Undoubtedly, they provide financing for social projects which governments might otherwise be reluctant to implement, and they offer refugees the opportunity to receive training for future access to the labour market. There are, however, also legitimate concerns that these instruments may create reliance on volatile financial markets, whilst increasing the precarity and temporariness of the protection offered. Refugee bonds and other innovative financial instruments are promoted and encouraged by the 2016 New York Declaration for Refugees and Migrants, the Comprehensive Refugee Response Framework and the 2018 Global Compact on Refugees.[5] One of the objectives of the Comprehensive Refugee Response Framework is to expand access to third-country solutions while enhancing refugee self-reliance. Current policy trends reveal that these objectives have gone hand in hand with an increased reliance on temporary solutions and with attempts to close off spontaneous arrivals and limit access to territorial asylum.

As we can see with the KOTO SIB, governments have so far prioritised projects that fill their labour market gaps rather than longer-term investments to meet the needs of refugees. Whilst the two objectives might not be mutually exclusive, this approach may, in turn, lead to the prioritisation of a certain ideal type of refugee, who is able to work, produce and ultimately achieve self-reliance. The risk is that this approach may create a new spectrum of refugeehood, with the 'refugee entrepreneur' on the one end of the spectrum and the 'hyper-vulnerable refugee' on the other. This spectrum would place emphasis on the pre-existing skills of refugees (such as being literate in the Latin alphabet, as in the case of the KOTO-SIB) and on the likelihood of them quickly accessing the labour market and becoming self-reliant, rather than on their actual protection needs and rights. Based on this approach, projects aimed at providing shelter, basic education or health support may not be prioritised. Against a background of recent European policies embracing an increased reliance on temporary protection, returns and the proactive review of a refugee's continued need for protection (for instance in Denmark and Sweden), the prioritisation which appears to be linked to refugee bonds could jeopardise refugee protection.

What happens to the principles of durable solutions and international protection when the emphasis of refugee response moves towards supporting refugees' self-reliance and creating an enabling environment for sustainable investors? Both the targeted beneficiaries and the agreed outcomes for the repayment of the KOTO SIB revolved around the characteristics of an idealised refugee, capable of quickly accessing the labour market. At the core of the protection interventions funded by refugee bonds, are activities aimed at skill building, vocational training, business development, market facilitation and start-up grants. When protection measures are reoriented towards providing a return on investment, private investors also become key partners in enabling and co-providing protection. Thus, their interests and the outcome targets agreed in the contracts underpinning the refugee bonds become instrumental in shaping which refugees national and international policies can 'protect'. Despite the increasing calls to expand and strengthen innovative finance for refugees, the challenges outlined in this article remain so far unexplored and only time will tell how refugee finance will impact the trajectory of international protection measures currently deployed at EU level and beyond.

Daria Davitti
Associate Professor, Lund University, Sweden
daria.davitti@jur.lu.se
X: @DariaDavitti

Sara Arapiles
Postdoctoral Fellow, Lund University, Sweden
sara.arapiles@jur.lu.se
X: @Arapiles_Sara

Pablo Pastor Vidal
Doctoral Researcher, Lund University, Sweden
pablo.pastor_vidal@jur.lu.se
X: @past_pablo

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Rethinking financing approaches to support IDPs: learning from Afghanistan

Olivier Lavinal, Lauren McCarthy and **Nassim Majidi**

Financing support for internally displaced persons (IDPs) in Afghanistan is challenging. An emphasis on local integration, involving local actors, the private sector, the diaspora community and climate finance could offer a way forward.

A young girl photographed in an IDP Camp in Kabul, Afghanistan. Credit: Preethi Nallu/Samuel Hall

Financing Solutions for IDPs is a complex undertaking. It proves most challenging in fragile, conflict and violence-affected settings, notably in those with politically estranged governments. This is the case of Afghanistan (since the August 2021 Interim Taliban Administration takeover) where the focus is on humanitarian and basic needs assistance and where engagement with authorities is limited to technical dialogue. In Afghanistan, the international community favours approaches from the humanitarian-development-peace nexus to support solutions to internal displacement, using research and evidence, operational responses and financing.

The formation of the Office of the Special Advisor on Solutions to Internal Displacement, in 2023, represents an unprecedented recognition of the high cost of protracted displacement, and the multi-faceted barriers to durable solutions. However, since the 2016 New York Declaration[1] of the UN General Assembly, the international community's focus has been on supporting refugees and other migrants. International financing for internal displacement is in short supply and unlikely to increase.

Under these conditions, available resources need to have maximum impact and consider the following questions:

Are governments ready to take ownership and dedicate resources for internally displaced people? IDPs are nationals of their countries, and any decision-making around needs and assistance among nationals is a politically loaded decision, especially in fragile, conflict and violence-affected contexts. Traditional development financing rests on the principles of government ownership, but in fragile, conflict and violence-affected States this is complicated. Government entities often enable violence and displacement, deny the needs of IDPs and marginalised groups, and fail to create enabling environments for voluntary and dignified displacement solutions.

Can earmarked funds extend to internal displacement? The creation of dedicated financing from the World Bank for refugees and their hosts has increased expectations that displaced populations – whether or not they have crossed a border – warrant the allocation of specific resources. However, the rationale for the establishment of earmarked funds was the lack of incentives for refugee-hosting countries to use their finite development resources for non-citizens, a rationale that does not apply to IDP situations. In fact, linking the provision of additional resources to the number of IDPs in a given country could create counterproductive incentives such as skewed data or exacerbating tensions between displaced and host communities.

Is traditional development financing suited to addressing displacement? The majority of financing towards internal displacement is humanitarian in nature and disbursed in funding cycles that last between six and twelve months. This reality drives the push to situate IDPs as beneficiaries of development financing. The systematic inclusion of an 'IDP lens' for development financing in affected countries could maximise impact.

The challenge of financing displacement solutions in Afghanistan

In Afghanistan, where there are an estimated 6.3 million IDPs,[2] the presence of a de facto Taliban government has rendered effective and collective financing difficult. Since the takeover in August 2021, international donors have left aside any contributions to substantive development responses. In a situation of protracted displacement, the lack of structural response is a major obstacle in the search and financing for sustainable solutions.

UN organisations (including the International Organization for Migration) and multilateral development banks (including the World Bank) are working across the humanitarian-basic human needs nexus in support of the Afghan people. This entails basic services support, which is off-budget and outside the control of the Interim Taliban Administration, aligned with the 'principled approach' of delivery by and for women.

Ensuring that available resources are spent to maximise impact will require interventions that are consistent with the following key principles:

Enable greater access to public services

Enabling IDPs' economic and social integration through inclusion in national health and education systems, access to public services, and livelihood and housing programmes is crucial. While development planning is paused in Afghanistan, discussions around 'inclusive urban solutions' can remain a focus and a step ahead of further urban planning discussions. Economic considerations inform displacement and mobility decisions and access to sustainable livelihoods is fundamental to displacement solutions. Understanding public spending, household and diaspora contributions to key sectors – such as health, education, water and sanitation – can ensure that displacement-affected communities remain supported.

Broaden the conversation on people in need

In many conflict-affected countries, internal displacement has become a proxy to identify those who are vulnerable. The use of such proxies is critical to the effectiveness of aid programmes in resource-constrained settings. However, prioritising IDPs over other groups of citizens is not always the most effective way to address vulnerability, other factors need to be considered and support should promote local integration by addressing broader community needs. This will entail systematic inclusion of key groups, with gender, displacement and disabilities as potential markers for inclusion.

Use approaches from the wider sector

Traditionally approached as humanitarian emergencies, forced displacement crises tend to become protracted given the ongoing nature of drivers of displacement (such as conflict and climate change) and the complexity of durable solutions. Yet, globally, the majority of external financing is provided for humanitarian purposes, typically as short-term responses to urgent demands. In protracted situations, the succession of emergency, crisis-response programmes is unlikely to be effective. Instead, it is better to develop responses that can be sustained over time, both financially and socially. Approaches drawn from the humanitarian-development-peace nexus may be helpful.

Strategies for funding and addressing IDP solutions

1. **Consider financing mechanisms that are not dedicated to displacement**
   Funding decisions need to match the drivers of displacement by addressing the missing link between climate financing and the durable solutions agenda. In Afghanistan, the majority of recent displacement is caused by climate change and environmental shocks. Financing solutions through climate action is a timely opportunity: climate resilience represents an area of consensus among all stakeholders – authorities, donors, civil society and international actors. The priority is to ensure that donors and implementers of climate resilience programmes, including the Asia Development Bank, the Aga Khan Foundation, UNICEF and the World Bank, actively engage with and meaningfully integrate the durable solutions agenda in their climate interventions.
2. **Include local actors in planning and decision-making**
   In a context where the de facto government is not being given direct budgetary support, design and planning solutions need to be found at a local level to promote communities' resilience to change and ability to integrate displaced people. This requires multi-year funding to ensure a consistent dialogue and committed engagement is maintained. This also means looking at the actors who are able to move the agenda forward – local actors able to connect and consult a range of stakeholders (including displaced people) and actors that can design participatory budgeting processes to unlock either public funding or donor funding to match the solutions put forward. Samuel Hall has piloted this approach in the city of Jalalabad in Afghanistan. The project shows the benefits of participatory planning forums to co-design inclusive solutions.[3]
3. **Leverage data to create a common narrative on the funding required**
   Costing plans that focus on reducing the number of people in protracted displacement may have limitations in a context where numbers are imperfect

and unreliable. To solve the costing question, the priority should be to strengthen resilience and facilitate digital remittances, diaspora investments and private sector investments in Afghanistan. This requires integrating data on the inclusion of displaced groups and specific tools dedicated to understanding how displaced women can be supported in their livelihoods and entrepreneurial activities.[4] An ongoing effort led by the International Organization for Migration and UNHCR to better understand IDP population figures is another important data initiative that will enable better measurement of progress towards durable solutions.

4. **Recognise the role of diaspora communities and the private sector**
   Qualitative data has shown that diaspora communities play an important role in supporting internally displaced people in Afghanistan. Including diaspora communities and the private sector in the planning stages could encourage more sustainable financing for durable solutions to internal displacement in Afghanistan. More data is needed on remittances, and their role in financing solutions, in fragile, conflict and violence-affected contexts.

Reflections

Ownership of solutions to displacement should rest with governments. However, different responses are needed depending on the context, and the complex role, strengths and limitations of specific governments. National governments are often party to, or disadvantaged by, the internal displacement crisis and its drivers. Financing approaches that are inclusive of displaced people and host communities, feature a localised response and make coherent use of data will be fundamental to advancing existing frameworks towards their intended outcomes.

Responding to the needs of displaced people in Afghanistan represents a particularly complex challenge. Inaction, either due to politically driven paralysis or an inability to capitalise on good practice and learnings, would bear dramatic consequences for the most vulnerable Afghans facing a compounding crisis of poverty, gender and climate. Tactical and long-term investments are needed, including through climate financing channels, to address barriers to durable solutions and to support the resilience of displacement affected communities.

Olivier Lavinal
Program Leader, Sustainable Development and Infrastructure – Afghanistan, The World Bank
olavinal@worldbank.org

Lauren McCarthy
(Former) Durable Solutions Coordinator – Afghanistan, International Organization for Migration
lauren.mccarthy00@gmail.com

Nassim Majidi
Co-Founder and Executive Director, Samuel Hall
nassim.majidi@samuelhall.org
linkedin.com/in/nassimmajidi/

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Refugees serving refugees: financing refugee-led organisations in Egypt

Alya Al-Mahdi, Buay Peter Kun and **Daowad Adam**

International donors' requirements can prevent refugee-led organisations (RLOs) from accessing funding. Yet, as RLOs in Egypt demonstrate, direct finance for RLOs can deliver efficient, cost-effective and sustainable displacement response.

Almost all RLOs in Egypt are grassroots entities operating solely on voluntary contributions of time, skills and resources from individuals dedicated to their communities. With a steadily widening gap between the needs of refugees and their access to services and rights, RLOs in Egypt fill critical gaps in service provision for refugees and migrants, particularly for those who are newly displaced and who may not have access to services from UNHCR or I/NGOs.

Acting as first responders, RLOs provide immediate relief such as shelter, food, emergency loans and birth registration support. They play a vital role in connecting refugees with essential services such as legal documentation, healthcare, education and other basic needs. I/NGOs frequently utilise RLOs to deliver their services, relying on their premises and volunteers to reach the refugees. However, despite considering RLOs key partners, I/NGOs frequently do not share their funding with them. When I/NGO projects end, the services usually cease, but communities still turn to RLOs, leaving them with no choice but to continue providing support without any financial assistance.

Conventional finance methods can exclude

Traditional funding models,[1] often characterised by top-down approaches, have limitations in addressing the complex challenges displaced communities face, typically requiring the implementation of partnership models widely used by UNHCR and UN sister organisations.

RLOs in Egypt often face significant barriers to accessing funds due to legal constraints that prevent them from being formally registered. The lack of official documentation and the absence of bank accounts make it difficult for donors to fund RLOs. To cover operational costs such as rent, utilities and staff compensations, RLOs rely on their internal resources and charitable donations. Despite these challenges, RLOs are pivotal to the refugee response and continue to demonstrate their capacity and impact through their work on the ground, assisting refugee communities despite having only limited resources. The success and efficiency of these RLOs provide stark evidence that refugees possess the knowledge and skills to design and implement projects for their communities.

New ways of financing RLOs

Emerging financing mechanisms promise more direct, impactful and durable community assistance by allocating financial resources directly to RLOs, empowering them to tailor interventions to the specific needs of their communities and fostering a sense of ownership and agency among displaced populations.

Recognising the vital role of RLOs, some

NGOs and INGOs have sought to enhance their partnerships with these organisations. StARS, a refugee-led organisation in Cairo, of which two of the co-authors are staff members, initiated a project to provide holistic support to other RLOs in Cairo, aiming to build their institutional and operational capacity, and multi-year collaborative support. Through this initiative, StARS shared its expertise and facilitated access to funding opportunities for other RLOs.

New Vision, another Cairo based RLO, faced challenges accessing funding opportunities. Despite the acceptance of their application for a funding opportunity, the lack of formal registration and a bank account posed significant obstacles. New Vision overcame these barriers by signing a fiscal sponsorship with a partner RLO, making it possible to absorb funds through an intermediary, which enables the organisation to secure the resources it needs to fulfil its vital missions. The experience of New Vision underscores the importance of embracing flexible and inclusive funding mechanisms that empower RLOs to thrive and have a meaningful impact within their communities.

RLO's cost efficiency, sustainability and effectiveness

One of the key advantages of RLOs is their cost effectiveness compared to NGOs and INGOs. RLOs demonstrate cost-effective practices by efficiently utilising resources, such as renting multipurpose offices and offering local salaries to refugee staff (as opposed to international humanitarian salaries). As grassroots organisations, RLOs are situated in neighbourhoods where refugee communities live, use the same low-cost rental spaces and avoid the high operational expenses associated with INGOs, such as advanced security measures, technological infrastructure and access restrictions (for example, requiring pre-scheduled appointments or referrals through partner organisations). These stringent security protocols, while often necessary, can limit accessibility for clients, particularly in emergencies, where immediate assistance is critical. In contrast, RLOs maintain an open-door policy, allowing individuals to seek assistance in person without prior appointments. RLOs also have deep-rooted connections within communities which ensures that resources are used effectively and relevantly, avoiding the end-of-year spending on less impactful activities that some larger organisations resort to.

StARS recently conducted an evaluation comparing assistance provided by StARS with assistance provided by Save the Children International (SCI) and the World Food Programme (WFP). The data shows that StARS programmes are more cost-efficient and have a significant impact in increasing accessibility across all nationalities and in reaching some of the most marginalised groups, such as survivors of GBV, survivors of torture and LGBTQI individuals, as well as irregular and undocumented migrants.

In Cairo, RLOs have been especially effective at reaching Syrians, Yemenis and Eritreans in their localities. The authors argue that this is related to the cultural background of these nationalities, they are typically more reluctant to seek services but rather receive them when embedded in the form of community solidarity. Due to their long-term engagements with communities and awareness of cultural sensitivities, RLOs can often identify more isolated or at-risk individuals and groups that are reluctant to approach or access traditional service providers and I/NGOs.

With refugees living across urban neighbourhoods alongside host communities, RLOs play a vital role in easing the tension of displacement through various means. They provide orientation and accurate and updated information about the new environment, conduct community awareness-raising sessions, and strengthen community resilience and integration. RLOs facilitate refugee and migrant networking, community cohesion, social protection and cultural preservation. These efforts enhance integration and the well-being of their communities, making RLOs indispensable as community centres in different areas. A large portion of refugee children also attend community schools run by refugee-led organisations, this complements public schools and helps overcome language barriers, xenophobia and bullying.

RLOs provide livelihoods

Funding RLOs can be a method of financing displacement response as those working for RLOs benefit from sustainable livelihoods. In contexts where refugees may be denied work rights – often resulting in modern-slavery work conditions – RLOs can offer safe and dignified livelihood alternatives. This stability fosters a sense of security, allowing refugee staff to focus on their work without the constant worry of financial instability. Additionally, paid work offers opportunities and connections that were previously inaccessible, empowering refugee members by enhancing their skills, expanding their professional networks and increasing their influence within the community.

Furthermore, RLOs often engage in capacity-building initiatives within the community, providing training and skills development programmes that empower individuals. This sustainable approach helps break the cycle of dependency and creates opportunities for long-term resilience and growth. The uniqueness of the services at StARS, New Vision and other RLOs lies in their culturally sensitive approach, originality and deep understanding of the communities they serve. The services they offer are finely attuned to the specific needs, cultural nuances and lived experiences of community members.

The capacity building and operational improvements within RLOs continue to benefit the community long-term. Even during periods of financial scarcity, the skills developed by RLO staff, volunteers and programme participants enable them to support their communities effectively. RLOs remain responsive to community needs, mitigating funding shortages by minimising operational costs or relying on charitable contributions to maintain essential services and respond to emergencies.

Logistical challenges

RLOs still face challenges accessing finance. First, most RLOs struggle to meet the host country's regulatory framework, making it challenging to receive funding directly from a donor without an intermediary.

Second, there is a lack of adequate intermediaries willing to facilitate funding. This is an issue as sometimes a memorandum of understanding (MOU) with a local partner is required to access bank accounts.

Lastly, while RLOs have advocated for new financing models and provided evidence of their effectiveness, there is still hesitancy from donors. This may be due to limited access to RLOs in certain contexts and the preference of donors for INGOs with well-established relationships. This raises the question of how RLOs can demonstrate their capability to absorb funding if they are not given the opportunity.

StARS and other RLOs in Egypt have successfully navigated donor funding challenges through innovative approaches. Educating donors about the unique challenges faced by RLOs has been instrumental. By familiarising donors with the RLO model and emphasising its cost-effectiveness, StARS has built trust and demonstrated efficient resource utilisation, leading to impactful outcomes. This approach has proven effective in attracting donor support and enabling StARS to secure fiscal sponsorship through other organisations. Additionally, some RLOs have addressed these challenges by affiliating with local organisations (although there are potential drawbacks associated with such arrangements).[2]

Recommendations

- Donors should recognise RLOs as key actors in global localisation and refugee leadership instruments. Their perception of RLOs being 'too risky' lacks empirical support and has resulted in overly stringent compliance and due diligence criteria, hindering many RLOs from accessing funding.
- Recognising restrictions on the fundamental right of freedom of assembly in many refugee-hosting countries, donors should consider alternatives to the requirement of legal registration. Instead, donors may accept references, financial reports and evidence of past project implementation as valid alternatives to formal registration.
- Since the requirement for a bank account often correlates with formal registration, which many RLOs lack, donors should encourage funding RLOs through fiscal sponsorship or alternative means. NGOs should act as intermediaries to facilitate funding.
- Donors should streamline their requirements, focusing only on essential aspects of institutional capacity and governance necessary for effective project management, fundraising, monitoring, evaluation and staffing, without burdening RLOs with excessive administrative and governance documentation.
- Proposal writing and reporting requirements should prioritise a community-centred approach, allowing for oral submissions of progress reporting, and the use of media and submissions in languages RLOs are proficient in, among other options.
- Lastly, providing multi-year funding to RLOs allows them to accumulate experience, build financial systems, expand their capacity through networking for more funding opportunities and enhance their advocacy efforts. Promoting sustainability and enhancing their effectiveness in project implementation and community capacity building over time, therefore, it is recommended that donors expand project funding to cover at least two years.

Financing RLOs has a transformative impact on both the organisations themselves and the communities they serve. These new funding mechanisms empower RLOs, improve staff livelihoods, enhance community engagement and foster long-term resilience. Supporting and investing in RLOs is crucial in building sustainable, more equitable displacement responses and promoting the self-reliance and dignity of displaced people.

Alya Al Mahdi
Deputy Director of Programs, Saint Andrew's Refugee Services (StARS)
amahdi@stars-egypt.org

Buay Peter Kun
Senior Policy and Advocacy Officer of Development, StARS
bpeter@stars-egypt.org

Daowad Adam
Director of New Vision Center For Educational & Social Development
Daod11@yahoo.com

1. *ODI (2023) The failure to fund refugee-led organisations: why the current system is not working, and the potential for change bit.ly/odi-failure-fund-rlos*
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Participatory philanthropy in Asia-Pacific – a case study of an RLO-to-RLO fund

Thomas Gillman, Najeeba Wazefadost, Mike Poots and **Adama Kamara**

What does participatory philanthropy look like in practice? This article discusses the process of setting up the Asia Pacific Network of Refugees (APNOR) pooled fund for refugee-led organisations in the region.

Involving refugees in meaningful ways is increasingly recognised not only as a moral imperative but also as a strategy for creating more effective and legitimate policies and programmes. This critical shift towards greater refugee participation in decision-making processes and funding streams is gaining traction on a global scale, as highlighted by initiatives like the Grand Bargain and the Refugee Participation Pledge. At a local level, powerful advocacy efforts, such as those led by the Asia Pacific Network of Refugees (APNOR), underscore the importance of this movement, which is summed up by the phrase 'nothing about us without us.'

Refugees are frontline responders to crises in their communities. Yet, they often live with few rights and their contributions are almost always unpaid, forcing them to juggle income generation, family care and practical issues like lack of registration or language skills. Moreover, refugee leaders and refugee-led organisations face limited funding opportunities, as they are often barred from setting up bank accounts or becoming legally registered entities in their host countries.

APNOR, as a refugee-led organisation/initiative (RLO/I) itself, understands these challenges intimately and is on a mission to amplify participation and the voice of refugees within philanthropic processes in the Asia-Pacific region. We have developed a refugee-led pooled fund designed to support the crucial work of RLO/Is, grounded in the principles of participatory philanthropy. The pilot phase of this fund has been completed and the next round of funding will be released shortly. We hope it will be an on-going source for RLO/Is in Asia-Pacific.

The set up of the pooled fund for RLO/Is in Asia Pacific

APNOR's pooled fund is intentionally designed to be inclusive and refugee-centred. APNOR draws on its extensive networks and the lived experience of its trustees to create a high-trust due diligence process for assessing applicants and ensuring that RLO/Is can apply for funding even if they lack formal registration or a bank account. Flexible transfer methods, such as Wise, Hawala and Western Union, are used to meet the needs of each successful RLO/I. Partnerships and collaboration with other stakeholders who act as trusted third parties are also possible solutions. For instance, fiscal sponsors or auspice arrangements are considered to bridge legal and financial gaps, with RLOs encouraged to formalise partnerships through Memorandums of Understanding (MOUs).

Our initiative challenges the traditional power dynamic between funders and recipients, where funders make decisions based on their priorities and recipients have little influence. Our pilot programme involved recipients in the design of the grants, aiming to shift this imbalance. APNOR seeks to transform the aid sector by directly funding RLO/Is in the region and providing capacity-strengthening support within this.

The pooled fund pilot was backed by three prominent international philanthropic institutions, all deeply committed to promoting refugee leadership. The pooled fund offers a sustainable and flexible model that accommodates contributions of varying amounts from multiple donors, enabling even smaller contributions to have a wide-reaching impact on a diverse range of RLO/Is. In its pilot phase, a total of USD 400,000 was raised and disbursed to 21 successful applicants, with grants ranging from USD 1,340 to USD 30,250.

One of the main reasons donors were drawn to this pooled fund was the strong alignment of values. With a shared commitment to advancing refugee leadership, the fund provided donors with the opportunity to directly support RLO/Is that they might not have been able to reach through their own programmes due to institutional requirements. The pooled fund acted as a bridge between donors and RLO/Is, demonstrating a new, innovative and effective way to provide funding. Additionally, APNOR placed a strong emphasis on building the capacity of RLO/Is throughout the process, empowering them to engage directly with donors in the future.

Piloting and pursuing best practice in participatory grant-making

APNOR's pooled fund is designed to provide unrestricted funding to RLO/Is, empowering them to develop skills, strengthen organisational capacity and use funds according to their own priorities. A participatory process drove the creation of the grant tools, including the application form, guidelines, reporting templates and assessment criteria, ensuring that the intended beneficiaries had a decisive role in shaping these tools. This process fostered two-way communication, learning and sharing.

The fund aligns with five key pillars of best practice in participatory grant-making:[1]

1. clarity of grant-making philosophy;
2. commitment to supporting capacity building and not-for-profit resilience;
3. support for scaling, replication and collaboration;
4. increasing the strength of the relationship between grant makers and grant seekers; and
5. deepening confidence, expertise and resources for embedding approaches to evaluation and social impact.

In terms of the first pillar, this fund has a clear philosophy centred on addressing refugee needs. APNOR and the Refugee Leadership Alliance (RLA) are refugee-led and seek to directly fund RLO/Is in the region and provide capacity-strengthening support as requested by refugees. The guidelines and reporting frameworks are RLO/I-centric and seek to model best practice, working in solidarity with RLO/Is, recognising their strengths and the challenges they face, while also aligning with relevant legislation.

The second pillar is reflected in our participatory approach to creating the grant. It allowed RLO/Is to identify skills and areas of development which informed APNOR's tailored capacity-strengthening programme. This approach ensures that the application process itself becomes a learning opportunity.

The third pillar is reflected in APNOR and RLA's aspiration to scale this pilot project into a sustainable funding source for RLO/Is in the Asia-Pacific region. This would include complementary capacity-strengthening training on key topics such as project management, organisational development, accounting techniques, as well as networking and peer-to-peer learning and support opportunities.

The fourth pillar is reflected in the aim of this project to connect RLO/Is with new donors, facilitating future funding opportunities and fostering stronger relationships.

The fifth pillar is reflected in the pilot's approaches to evaluation and social impact. We assessed how the pilot supported the objectives of selected Sustainable Development Goals. Continuous feedback is sought from all participants to refine the programme with regular reflection meetings to discuss lessons learned and implement necessary adjustments.

Developing the grant administration tools

To create effective grant tools and adhere with best practice APNOR conducted in-depth consultations. The aim of this process was to enable two-way learning, for both the donor and recipient, to understand how funding processes work and how they could be improved. It involved multiple feedback loops to shift the traditional power dynamics and create a system where recipient perspectives are prominent.

The Co-Chairs of the RLA Pooled Fund trustees initiated one-on-one online interviews with relevant RLO/Is across the Asia-Pacific region. The Co-Chairs carefully selected interviewees and ensured a rights-based approach by obtaining signed or verbal consent and providing information detailing the project's scope and the use of their input.

The interview questions covered the application process, aims, progress and acquittal reports, cross-cutting issues, monitoring and evaluation, and assessment criteria. Six virtual interviews were conducted with RLO/Is of varying levels of experience, from established entities to newer organisations. The transcripts of these interviews were shared with the participants for approval and to ensure accuracy. The approved transcripts were then analysed to identify key themes.

A preliminary draft of grant tools was developed based on the key themes and insights gathered. The interviewees and trustees reviewed the draft, and further feedback was incorporated from lawyers before a final legal review. After approval by the trustees, the fund opened for applications.

Outcomes from the pilot phase

This refugee-led process fundamentally challenged the status quo, placing refugees at the heart of grant tool creation and fund structures. This approach empowered those who would use the funding to have a central voice in shaping the funding structures. Specific feedback from grant recipients highlighted several benefits: the flexible conditions were highly advantageous, enabling them to employ staff and foster economic development. Additionally, this method helped build trust within local communities.

In relation to best practice, placing RLO/Is at the centre of the process was crucial for developing relevant and contextualised grant tools. Having the chance to gather feedback on drafts meant that issues could be identified early and addressed to ensure that the tools were user-friendly and contextualised. This also enabled reflections on whether the grant tools were aligned more with what the donor or the recipient wanted, leading to excellent discussions and reiterations of the tools to ensure alignment with the funding programme's aims and values. Compensation for participants' time was a key element, challenging the sector's reliance on voluntary work and emphasising the importance of valuing contributions fairly.

Through this project, APNOR and RLA gained invaluable insights into the donor perspective, which significantly enhanced our ability to engage with donors as informed peers. By deeply understanding the complexities and challenges of being a donor, while balancing our experiences as grant recipients, we were able to forge stronger, more collaborative relationships with funding partners.

For instance, feedback from interviews with RLOs highlighted the need for application forms to include questions about the unique value of the applicant and how the funding would support long-term sustainability. This aligns with APNOR's goal of developing the capacity of RLO/Is to secure their own funding and articulate their uniqueness and sustainability, and it has been instrumental in attracting further funding.

APNOR and RLA learnt a great deal through the implementation of the funding programme. For example, even though a participatory process was implemented, the grant tools developed were still seen as too complex by some RLO/Is. We are making revisions to the tools for the next round of funding to address these concerns.

If more funding could have been secured to support the pilot phase it would also have had a significant positive impact, but applying for funding takes time and the team's capacity was constrained by lack of resources and having to work voluntarily. There is a need to move away from this status quo of RLOI/Is working voluntarily and we hope that this article can inspire other donors to provide more support to RLO/Is so they can be compensated adequately for the work they are completing and have access to the necessary resources to support this work as well.

Increasing participation in other funding processes

Through this article we aim to encourage further debate about using participatory processes that centre recipients' voices within funding structures. We hope that this article could encourage debate about the positive participation of recipients in funding processes in other sectors as well, for example, within the climate change and community development spaces.

Based on the experiences of this funding programme, the key recommendations are:

1. embedding participation at the core of funding processes, especially in the refugee sector;
2. that funders should review their processes to assess whether the needs and expectations of the recipients are being incorporated into the funding structures, and that these structures are accessible and contextualised; and
3. that there is a need for more knowledge and resources on participatory philanthropy related to RLO/Is, and for more case studies from, and research in, participatory processes in Asia-Pacific.

By adopting these recommendations, the funding landscape can become more inclusive, equitable and effective, ultimately leading to better outcomes for all involved.

Thomas Gillman
Project coordinator, APNOR
thomas@apnor.org

Najeeba Wazefadost
Founder and CEO, APNOR; and Founder of Global Independent Refugee Women Leaders
ceo@apnor.org
linkedin.com/company/asia-pacific-network-of-refugees

Michael Poots
Communications Officer, APNOR

Adama Kamara
Co-Chair of Refugee Leadership Alliance Pooled Fund Trustees and Deputy CEO Refugee Council of Australia
adama.kamara@refugeecouncil.org.au
linkedin.com/in/adama-kamara-376346196

1. *These pillars are taken from Gillies L, York J and Minkiewicz J (2018) Philanthropy: Towards better practice bit.ly/philanthropy-better-practice*

Lessons from the Resourcing Refugee Leadership Initiative's grant-making model

Mohamed Ahmed, Rawan Raad, Diana Essex-Lettieri and **Julia Zahreddine**

Independent research into the practices of the Resourcing Refugee Leadership Initiative (RRLI) identified the value and impact of its participatory grant-making approach as well as opportunities to deepen accessibility and accountability.

RRLI is a refugee-led funding intermediary and advocacy organisation. It is the third-largest global intermediary in terms of financial support to RLOs, and the largest intermediary led by people with lived experience of forced displacement.[1] It is funded from various sources including the Larsen Lam ICONIQ Impact Award, Hilton Foundation, Open Society Foundations and the Netherlands' Ministry of Foreign Affairs. RRLI believes intermediaries should be non-interventionist and guided by equitable partnerships, ensuring RLOs maintain full autonomy over funding decisions and promoting a shift in power dynamics.

At RRLI, we aim to be inclusive of, and accountable to, the organisations and communities we support, as we believe this approach leads to more impactful outcomes for forcibly displaced people.[2] We recently collaborated with external consultants[3] to gain a deeper understanding of how our grantee partners experience our efforts, and to identify strengths and areas for improvement. This article shares the findings of this research.

Refugee leadership at every level

RRLI's mission is to resource RLOs to uplift communities and combat their systematic exclusion within refugee response. RRLI was conceptualised and is overseen by a coalition of six RLOs:[4] Basmeh & Zeitooneh in Lebanon and Turkey, RAIC in Indonesia, Refugiados Unidos in Colombia, St. Andrew's Refugee Services in Egypt, YARID in Uganda and Asylum Access, which also legally houses RRLI.

Our daily operations are managed by a dedicated staff team. Nearly our entire team – including positions with decision making power and influence such as leadership staff and coalition members – have lived experience of forced displacement. Many of these individuals are practically connected to the communities we support, ensuring our efforts are enriched by community knowledge and connectedness.

Our hallmark programme, the Refugee Leadership Fund,[5] distributes grants to RLOs. From 2021 to date, we have allocated USD 7.2 million through 34 grants to 17 RLOs across five countries. Grantees have collectively and directly reached more than 822,600 people with essential services related to asylum and legal support, education access, emergency support, physical and mental health, employment and livelihoods, community integration, and arts and culture. Notably, 30% of grantee partners reported that RRLI issued their first grant, and 70% reported that it is their largest grant. All grantee partners report increased community impact, organisational strength and expanded networks through RRLI.[6]

How RRLI's grant-making mechanism works

RRLI offers flexible grants to support RLOs:

Boost Grants ranging from USD 25,000 to 75,000 annually, and Advance Grants ranging from USD 150,000 to 200,000 annually. Boost Grants are designed for smaller, emerging RLOs that may have had limited access to funding in the past. These grants provide an opportunity for newer organisations to grow and strengthen their capabilities. Advanced Grants are intended for more established RLOs with a proven track record of managing significant grants. These grants are ideal for organisations with well-developed structures and programmes. Both grant types allow RLOs complete freedom to use the funds as they see fit, based on the specific needs and context of their communities.

Applications for these grants are publicly advertised with transparent deadlines and can be submitted in any language through our online portal. Our team is equipped to handle applications in English, Arabic and Spanish, and our coalition members and grantee partners in the five countries we operate in, use around six additional local languages. If the language remains outside our internal capabilities, we engage professional translation services to ensure the application is accurately translated and reviewed.

Criteria and scoring

RRLI's criteria for grant-making are straightforward, scoring applicants on a scale of one to four based on financial management, ethical programme delivery, community impact, willingness to participate in refugee leadership activities, and interest in our strengthening programme (a peer support model). These criteria were reviewed and enhanced by grantee partners after our inception year to ensure relevance.

Nomination and selection process

Applicants are nominated by a committee unique to each RRLI geography. Each committee is comprised of an RRLI staff member, a geographically relevant coalition member (e.g. Refugiados Unidos for Colombia-based grantee partners), and a current grant applicant from another RRLI geography. Committee members score applicants independently. Grant applicants can score as individuals or in collaboration with colleagues in their organisation.

Our standard operating procedures encourage committees to look beyond Western professionalism cues, prohibiting, for example, low scores due to grammar errors or misinterpretations of application questions. Instead, they focus on signs of meaningful impact, which we define by how well RLOs meet the specific needs of displaced communities and foster community-driven change rather than by high numbers of people reached.

An impact story must make intrinsic sense by aligning with the lived experiences and aspirations of those directly affected. For example, every year, RU's legal assistance programme in Colombia supports around 880 people, while RAIC's sponsorship programme supports around 20 people resettled in Canada. These programmes help individuals gain legal status, access critical rights like healthcare, employment and education, and secure homes for themselves and their families. Although the numbers may appear small, the impact is immense. The long-lasting effects of these outcomes ripple beyond the immediate programme users, improving the lives of their families and future generations.

Committees use their scores to engage in conversations and arrive at nominations by consensus. Nominations go to the RRLI coalition for a final decision. To date, no nomination has been rejected as the coalition honours the committee's due diligence.

Key components of RRLI's grant-making

Our approach attempts to blur the traditional lines between funder and grantee, or decision-maker and recipient, challenging conventional power dynamics within the funding landscape. This methodology aligns with our mission of transferring power and resources to forcibly displaced communities. To evaluate the effectiveness of our strategies, the external research team identified four key components of our grant-making and their impact, as described by our respondents:

1. Grant-making is highly participatory

RRLI coalition members are also grantees, non-coalition grantee partners can be involved in decision-making, and grantee partners contribute to the development of scoring rubrics.

Respondents shared that involvement in the grant-making process is both informative and empowering. Grantee partners who participated in the grant-making process gained insights into the philanthropic process, learned about the innovative approaches of others, and felt inspired to adopt greater participatory practices in their own work. One interviewee shared that they have replicated RRLI's grant-making approach when sub-granting to other RLOs. They found that witnessing the decision-making process first-hand was a uniquely transparent experience, and instilled confidence and trust in RRLI's processes.

For the RRLI team and coalition members, involving applicants from other regions enhanced cultural competency and helped identify and mitigate biases. By involving individuals with significant cultural and personal insights, application assessments could more effectively evaluate how well proposals align with desirable community outcomes.

2. Relational partnerships

Interviewees emphasised RRLI's deeply relational approach, highlighting RRLI's communication, friendliness and support. In order to create this atmosphere, RRLI's staff team makes itself available to grantee partners and minimises burdensome administrative processes. Where administrative requirements are necessary to effectively manage institutional resources, RRLI ensures early, frequent and clear communication about the purpose and rationale behind these requirements. This level of transparency in communication was experienced as unusual compared to other donor relationships.

"You feel like they are a donor with whom you share everything: problems, successes, challenges. This is very healthy communication in terms of donor relationship with a grantee." *RRLI grantee partner and selection committee member*

Respondents expressed feeling respected by RRLI, fostering a sense of community and reinforcing movement-building by addressing power dynamics inherent in the funder-recipient relationship. This mutual respect empowers grantee partners to openly discuss challenges and propose solutions, ensuring high-quality work in their respective communities.

3. Flexible and significant funding packages

RRLI's grants are characterised as highly flexible, multi-year, untied to thematic priorities (e.g. education or livelihoods), meticulously planned, tailored to community needs and designed with a holistic approach. By not restricting funding according to predetermined donor agendas, RRLI enables grantee partners to undertake crucial activities and innovate solutions tailored to their community's needs.[7]

The size of RRLI's financial support is

transformative as it enables large-scale projects (which are costly but profoundly impact individuals) like new schools, community centres, critical resettlement and legal processes. Respondents appreciate that RRLI values impact above reaching large numbers of people, recognising that meaningful solutions for individuals often require substantial financial investment.

"[RRLI] is realistic with numbers and knows we can't reach thousands, but rather ten or a hundred... They understand a hundred euros isn't dignity, while 7,000 euros to study in a good university while also being part of public life is." *RRLI grantee partner and selection committee member*

Lastly, RRLI's flexibility is a significant element of its approach. Grantee partners value the freedom of not being bound to their initial proposals, not needing specific registrations or bank accounts, and not being restricted by artificial expenditure categories like overhead versus programmatic costs.

4. Concurrent trust and support

In addition to funding, respondents appreciated additional tailored, non-financial support to grantee partners through 'companions' (local coalition members). RRLI's support is offered based on an understanding of what it takes to succeed, with the aim of sharing valuable lessons and ensuring long-term grantee partners' success.

One grantee partner noted that while other donors impose methodologies, RRLI "builds upon what you have." Support for Boost Grant recipients often includes assistance with organisational systems like financial tools and planning processes. For Advance recipients, the focus is on promoting organisational sustainability through new funding streams and joint advocacy. Grantee partners also highlighted how RRLI companions encouraged them to work in an equity-minded way by reviewing their programming to take intersectionality into account. RRLI has also established a community of practice where coalition members and grantee partners exchange best practices and solutions.

The impact of RRLI's concurrent trust and support is significant. Respondents said this approach to enabling their success is both empowering and community-building. Many grantee partners have adopted RRLI's proposed tools and mechanisms, enhancing their operations and preparedness to apply for other funding. What's more, to date, RRLI has unlocked an additional USD 5.2 million for applicants and grantee partners from other funders, above and beyond its direct funding.

Contribution to impact

The combination of the four practices above creates a highly responsive funding model that addresses community needs. Some grantee partner successes, as articulated in RRLI's 2023 Impact Report:

- KOWED in Uganda launched a women-led, culturally sensitive financial inclusion initiative, supporting over 100 refugees with entrepreneurial, financial and vocational training. They established two village savings and loan associations and provided start-up capital for 12 women-led businesses.
- Tawasul Community School formerly registered and expanded their schooling initiative in Cairo to support around 2,700 students aged 4-18 per year, and to provide adult education and vocational programming.
- Ettijahat Independent Culture in Lebanon supported more than 300 Syrian artists with professional training, scholarships, legal aid and creative production support.

- Refugees and Asylum Seekers Information Center (RAIC) in Indonesia established the first-ever mental health centre specifically for refugee community members.

Opportunities to deepen accessibility and accountability

The research highlighted areas for procedural improvement to better achieve RRLI's goals of community inclusion and accountability. Grantee partners suggested that RRLI further explore accountability not only to RLOs but also to the communities they support. We are currently considering ways to do this, such as opening a community feedback mechanism and establishing a more formal presence in the communities we support, beyond companions.

Respondents also indicated that while our application process is accessible, enhanced advertising could reach organisations with limited technology access and familiarity. They believed this would help deepen our impact and provide more funding opportunities for organisations led by women, LGBTQIA+ individuals and people with disabilities.

All grantee partners expressed concern about losing RRLI funding, which currently lasts for three years with a focus on sustainability. They hope RRLI will extend this period while also expanding support to other RLOs. Although RRLI can't guarantee long-term success for all partners, we recognise the need to explore options for continued support given the limited grant-making bodies for RLOs.

The way forward

By highlighting the benefits and challenges of our community-centred grant-making model, we aim to inspire more funders to learn alongside us and re-evaluate sector-wide funding practices. Our research revealed a strong community interest in expanding RRLI's participatory and horizontal efforts to other actors. Respondents noted that the sector lacks broad recognition of refugee leadership as a catalyst of change, particularly within institutions of power. They affirmed that RRLI's model is headed in the right direction.

We believe it is essential to explore the elements discussed here further. How can we all become more participatory, relational and trusting, while offering bespoke support that is flexible, long-term and substantial? RRLI will continue to reflect on how it can improve and expand its efforts. Our communities deserve nothing less.

Mohamed Ahmed
Director of Partnerships, RRLI
linkedin.com/in/mohamed-ahmed-7b4306172/

Rawan Raad
Advocacy and Resource Mobilization Officer, RRLI
linkedin.com/in/rawanraad/

Diana Essex-Lettieri
Consultant, Diana EL Consulting
linkedin.com/in/dianaessex/

Julia Zahreddine
Consultant, Diana EL Consulting
linkedin.com/in/julia-zahreddine-83773ba5/

1. *See ODI (2023) The failure to fund refugee-led organisations: why the current system is not working, and the potential for change bit.ly/odi-failure-fund-refugee-led-organisations*
2. *Evidence that underpins RRLI's commitment to refugee inclusion at www.refugeeslead.org/evidence*
3. *Research team Diana Essex-Lettieri and Julia Zahreddine of Diana EL Consulting interviewed and anonymised feedback from three RRLI coalition members, six non-coalition grantee partners and one RRLI staff member. The interview protocol is available upon request.*
4. *www.refugeeslead.org/who-we-are*
5. *www.refugeeslead.org/apply*
6. *See 2023 RRLI Impact Report and Grantee Partner Profiles for more information www.refugeeslead.org*
7. *For more information on RRLI's rationale see RRLI Funding refugee-led organisations: a primer www.refugeeslead.org/evidence*

Failure to recognise, integrate and fund RLOs within displacement response

Alexandra Spencer, Rufus Karanja, Andhira Yousif Kara and **Caitlin Sturridge**

Refugee-led organisations (RLOs) play a vital role in displacement response, but they could have far greater impact if they received more funding. The humanitarian system must adapt to recognise and finance RLOs within the localisation agenda.

Refugee-led organisations (RLOs) are chronically underfunded; they've long been excluded from funding opportunities and the international refugee response writ large. A recent study to capture the quantity and quality of funding channelled to RLOs, found that just USD 26.4 million reached RLOs in 2022.[1] To contextualise the scale of the failure to fund RLOs, the same study found that total direct and trackable funding for local and national NGOs reached USD 463 million. Similarly, funding for Refugee Response Plans, UNHCR-led regional plans designed to coordinate the response to large refugee situations, totalled USD 6.4 billion, in the same year.

Much of the funding going to RLOs is driven by private philanthropies, and 83% of funding received by RLOs passes through at least one intermediary. This means that, in many cases, RLOs lack formal relationships with key decision-makers in humanitarian response, such as government donors. As a result, RLOs are being excluded from many of the decisions that impact their work and the communities they are trying to support.

The importance of funding RLOs and the challenges they face

The failure to fund RLOs is happening despite RLOs' unique ability to articulate and best respond to the needs of their communities in efficient and effective ways. There is demonstrable evidence to suggest that RLOs are more likely to lead responses that are accountable, legitimate and impactful and that they are vital to the provision of basic services, community-building activities, and advocacy for the rights of displaced populations in both urban and refugee camp settings.[2] Failure to recognise the important role that RLOs play in their communities, and humanitarian response more broadly, prevents them from accessing the necessary funding to expand their programmes and support their communities effectively.

RLOs face a series of challenges when trying to access funding. A key challenge is the misconception that RLOs are 'too risky' to fund, through narratives that RLOs are small, informal actors that are less able to respond or remain unbiased in their operations. For instance, the Kalobeyei Initiative for Better Life, despite being one of Kenya's largest RLOs, faces difficulties securing substantial and long-term funding due to its RLO status. The director emphasises that RLOs' distinctiveness lies in their size and informality, and they resist being transformed into mini-NGOs solely to access funding.

There are often questions about the capacity of these organisations to manage large funding grants or deliver programmes as effectively as other humanitarian actors. This has resulted in a lack of trust and perceived accountability issues surrounding RLOs and has contributed to strict and somewhat prohibitive due diligence requirements. Administrative issues such as complex submission processes, a lack of access to information about funding opportunities, and English language as the default, also present time-consuming and resource-intensive obstacles for RLOs. It is important to understand these challenges in order to find solutions and start to redress the balance in funding opportunities.

Bringing RLOs into the localisation agenda

Over the last decade, the humanitarian sector has seen a number of high-level system reform agendas that aim to localise humanitarian responses. It is well recognised that meaningful participation of refugees and other affected people is critical to improving humanitarian responses. Under the Grand Bargain, there is a high-level commitment to transfer power and resources to local and national actors. Yet, against the backdrop of these agendas, there is a notable failure to fund RLOs, with funding to RLOs still a fraction of the total value of humanitarian assistance globally. In part, this is due to the failure of the localisation agenda to present refugees, and by extension RLOs, as key members of civil society and legitimate and capable actors in the response.

The Global Compact on Refugees fails to outline the ways in which RLOs can be formally recognised and supported as key actors in humanitarian response. Recognition of RLOs as important contributors in global localisation and refugee leadership instruments would ensure that refugees can actively participate in shaping the interventions that affect their lives.

A reluctance on behalf of the humanitarian system to address the unequal power dynamics and to change is also contributing to the lack of funding for RLOs. Those in charge of humanitarian funding need to work differently rather than expecting RLOs to adapt to an outdated and top-down funding system.

From rhetoric to action

There have been some positive developments in giving RLOs recognition and embedding their existence into the wider localisation agenda. These include greater recognition of RLOs in policy discussions (aided by the new shared definition of RLOs), donors prioritising direct funding to RLOs, policy dialogue processes including RLOs in discussions, and funding locally-generated research by refugees which will inform policy.

A definition of RLO

In 2023, UNHCR published its definition of RLOs:[3] “an organisation or group in which persons with direct lived experience of forced displacement play a primary leadership role and whose stated objectives and activities are focused on responding to the needs of refugees and/or related communities”. This definition, and its subsequent uptake and use, has been significant in the recognition and formalisation of RLOs. However, it should be noted that whilst UNHCR stated this definition was formed as part of a consultative process it has received some criticism.[4]

This shared definition is important for donors and their partners as it provides a common framework of understanding as well as entry points for formal engagement with RLOs within partnership contracts. Additionally, a common and widely accepted definition of RLOs will enable donors to improve available data on how much funding they receive and, importantly, allow for advocacy for funding increases and accountability for donor’s funding practices.

Targeted funding for RLOs

Some government donors have started

to provide specific targeted funding for RLOs. Last year the Netherlands piloted a programme grant[5] through a tender subsidy framework on Migration and Displacement for support to RLOs and in-country partners. It was framed as "direct funding, in the form of a contribution or core funding, which must have the sole purpose of strengthening local leadership and ownership, and therefore benefitting the locally and independently led initiatives of in-country partners." This type of funding is critical because it is flexible and multi-year, it will support RLOs to build on their institutional capacity, programmes and policy-advocacy work.

In a meta-synthesis study[6] of five external impact evaluations covering RLO-run programmes in Lebanon, Iraq, Colombia, Indonesia, Egypt and Uganda, the RLOs evaluated were found to have access to at least some flexible funding. This funding enabled them to enhance their organisational capacities and support them towards having efficient systems and organisational policies.

A space at the table

There is a growing recognition of, and engagement with, RLOs and refugee leaders in the policy and advocacy space. Such engagement is important, as it enhances RLOs credibility as important actors who cannot be left out of policy discussions. As one refugee leader stated: "in any system where funding is being distributed and policy is being made or influenced, the voices of those affected need to be centred."

At the global level, more than 320 refugee leaders were invited to be part of last year's Global Refugee Forum (GRF), four times more than at the first GRF in 2019. An increased number of donor governments also included refugees as part of their national delegations. In the 2019 GRF, only Canada had a refugee advisor embedded in their national delegation. In 2023, 13 governments included refugee advisors in their delegations.[7] More could be done to improve access to global policy forums, like the GRF, in future iterations – for example, through supporting travel arrangements including visa applications.

At a more national level, Switzerland, one of the co-hosts of the GRF 2023, pledged to set up an advisory body for refugees in Geneva to advance meaningful engagement of refugees hosted in the country. This is in addition to the Refugee Parliament that was set up in 2020 in Geneva by a Swiss NGO and supported by UNHCR, the Swiss government and other partners, to provide a platform for refugees to exchange learning, cooperate with each other and initiate different projects in relation to the challenges they face while hosted in Switzerland.

There was also a multi-stakeholder pledge[8] on improved partnerships, protection and localisation which saw 61 States and 160 non-State actors pledging to advance partnerships and localise responses with partners such as refugees and RLOs.

Research about RLOs and involving refugee researchers

In order to continue to build trust and encourage donors to increase funding for RLOs the evidence base needs to be stronger. Researchers with lived experience of displacement are well placed to gather evidence and there is now a growing body of locally-generated evidence by refugee researchers and other partners documenting the existence and impact of RLOs. A recent mapping study of RLOs in Kenya,[9] shows the number of existing RLOs (over 150), their diverse nature, impacts and the challenges they face. Such studies are important as they provide crucial insights and recommendations to donors and government authorities seeking to engage with RLOs.

There are also efforts by actors such as the Regional Durable Solutions Secretariat (ReDSS), which recently launched a partnership with the Refugee-Led Research Hub (RLRH) and Maseno University to connect locally-generated evidence and research done by refugees to policy processes in Kenya. Such an initiative should be highlighted; often policies and legislation related to refugees are developed by policymakers, and even donors, without taking into consideration the analysis and evidence generated by refugees or persons with lived experience of displacement. This initiative will help to shift the power and narrative towards researchers with lived displacement experience from the Global South.

Recommendations

The research offers a series of recommendations to address the failure to fund RLOs. First, it is important to acknowledge RLOs as separate and distinct actors in the localisation agenda. This recognition will in turn impact their ability to access funding.

Second, donors need to support RLO's to access and manage funding directly, and normalise funding partnerships with RLOs by drawing attention to their existing partnerships. Donors can become more open to RLO partnerships by streamlining and simplifying funding processes and scaling up some of the innovative approaches being pioneered by philanthropic institutions and RLO intermediaries. This includes offering dedicated and tailored support to applicants and more flexible submissions (including in multiple languages).

Third, all stakeholders need to challenge the prevailing misconceptions and narratives around RLOs and implement processes for RLOs to call out tokenistic and unfair partnerships without being penalised.

Ultimately, government donors and humanitarian organisations must embrace the evolving refugee landscape and make efforts towards reforming their internal structures and guidelines, so they are better placed to engage with and fund RLOs.

Alexandra Spencer
Senior Research Officer, Humanitarian Policy Group, ODI, UK
a.spencer@odi.org

Rufus Karanja
National Programme Officer, Migration & Protection, Switzerland Development Cooperation

Andhira Yousif Kara
Consultant Researcher and Refugee Advocate
annkakaliya@gmail.com
linkedin.com/in/andhira-kara-a72121a1/

Caitlin Sturridge
Senior Research Fellow, Humanitarian Policy Group, ODI, UK
c.sturridge@odi.org

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From crisis to opportunity: the power and potential of refugee-lens investing

Barri Shorey, Lauren Post Thomas, Lindsay Camacho, Kate Montgomery, Tim Docking, Selen Ucak and **Morten Schacht Högnesen**

How can investments support and harness the economic potential of forcibly displaced people? The refugee-lens investing movement offers a means to connect investors with businesses that support improvements in the lives of refugees.

A woman fish farmer works in western Kenya. Credit: Peter Irungu/Acumen

Refugees and their hosts – who, collectively make up hundreds of millions of marginalised people worldwide – can significantly contribute to economic growth in their new communities. But, too often, the investments needed to support this positive impact aren't available. This is where refugee-lens investing (RLI) comes in.

Refugee-lens investing is a new way of engaging the private sector in the improvement of the lives of refugees and host communities. By some accounts, as many as one billion people could be forced to move by 2050 due to climate change alone.[1] While this data varies, it is clear that the number of forcibly displaced people will continue to rise. Traditional humanitarian donors cannot and will not be able to finance the needs stemming from this displacement. Donor financing is already inadequate for acute emergencies and these migrations need sustained investment to support social and economic integration.

The burgeoning RLI movement draws on lens-based impact investing approaches, which strongly consider the concerns and opportunities surrounding specific populations and social and environmental challenges. Based on consultations with, and learning from, gender-lens investors,[2] the Refugee Investment Network developed the 'Refugee Lens'[3] framework to qualify and track investments that support improvements in the lives of refugees[4] and their host communities over time. The RLI movement also seeks to crowd-in impact investors, development finance, philanthropic dollars and other financiers for an 'all capital on deck' approach.

Agnostic to sectors, geographies, asset classes or financing mechanisms, RLI's emphasis on refugees and other forcibly displaced people as economic actors – entrepreneurs, employees, suppliers and customers – positively shifts the narrative about them, to one focused on opportunity. Research and data demonstrate that refugees and their communities are indeed employable, hardworking, credit-worthy and ultimately consumers – facts that are already benefiting the enterprises, investors and their partners that can harness this economic power.[5] RLI has the potential to play a huge role in how communities affected by displacement can shift the humanitarian paradigm and give investors the understanding, tools and community of practice to unlock mutual economic benefits.

For RLI to be successful, a wide range of stakeholders – investors, development finance institutions, philanthropy and other donors, humanitarians, business development and measurement experts, among others – need to come together to develop, test and scale a shared vision and approach.

Refugee-lens investing in practice

The concept of RLI may seem new, but a lot of work is already being done. Highlighting examples and approaches helps demonstrate what this type of financing can look like in practice:

Refugee Investment Facility

Launched in September 2022, the Refugee Investment Facility (RIF)[6] is a collaboration between the Danish Refugee Council (DRC) and Swiss impact finance firm, iGravity. The RIF is operational in Jordan, Uganda and Kenya and lends to private enterprises that contribute to addressing the livelihood and self-reliance challenges faced by refugees and their host communities.

In the first pilot fund, the RIF mobilised USD 4 million which will be deployed into eight to ten investments across the two countries, reaching at least 27,000 refugees and host community members across the fund's impact themes. It will do this by providing impact-linked financing to enterprises that generate tangible outcomes for refugees and their host communities, and by offering both business-focused and impact-focused technical assistance to companies in its portfolio. The RIF has approved four investments contributing to job creation, livelihoods support, skills development and financial inclusion for refugees and their host communities.

This includes Omia Agribusiness, a company providing agricultural inputs, equipment and training in Uganda's West Nile sub-region. The RIF loan enables Omia to expand its operations in the area and reach over 10,000 new refugees and host community members with agricultural inputs and training, while developing a more refugee-inclusive business model, directly supporting the livelihoods of smallholder farmers and their families. This collaboration opens pathways for private investment into communities affected by forced displacement and contributes to mainstreaming investment practices, aiming to develop a sustainable model at scale.

Acumen

In 2023, Acumen, an impact investor solving poverty problems, launched a three-year pilot investment initiative aimed at supporting small and medium enterprises (SMEs) including forcibly displaced people as employees, suppliers and customers. The initiative aims to help them grow their businesses with access to finance and targeted support. Acumen will invest USD 1.5 million into three to five social enterprises operating in displacement-affected communities, benefiting over 10,000 forcibly displaced people and their hosts. The focus is on early-stage, scalable agribusinesses seeking pre-seed and seed funding, and helping displacement-affected communities adapt to climate change. Acumen's first investment under the initiative was made into Kenyan aquaculture company AquaRech.

Between 2008 and 2022, over 1.4 million Kenyans were internally displaced by floods,[7] AquaRech provides 2,700 small-scale fish farmers in the Lake Victoria region with top-quality feed and a ready marketplace, resources farmers need to run successful businesses. In a sample of farmers surveyed, 90% reported improved operations after working with AquaRech. They also cited increased quality in the size and weight of fish, increased income, increased quantity sold and reduced production cycles. In building the infrastructure for fish farming, AquaRech is contributing to more resilient communities in the face of climate change.

A growing movement

A growing number of funds are focused on RLI both in emerging markets and in more developed economies. For instance, Kiva's Refugee Investment Fund that provides debt financing to refugee-supporting microfinance institutions and the International Rescue Committee Center for Economic Opportunity's Social Impact Fund that provides low-interest loans to refugees. Other refugee-supporting private equity funds more recently entered the market, including Launch Capital Partners, Whitestone & Co. Fund IV and Courage Housing, plus new SME equity funds, like the Impact Newcomer Fund in France and The Entrepreneurial Refugee Network Refugee Venture Fund in the UK.

Challenges

Strengthening the capacity of companies that work with refugees

If designing new and innovative financing mechanisms and collaborations addresses the supply side (the availability of appropriate financing), there is an equal need to strengthen the demand side (the ability of potentially impactful companies to absorb financing and use it to create the desired impact). Many companies that work directly with refugees are small, inexperienced in accessing financing, and have weak systems for tracking impact and performance. These companies need technical assistance, advice, mentoring and access to networks.

Measuring impact

Finding the right level of impact ambition and measurement can be challenging. When different partners – humanitarian organisations, impact investors and donors – come together, different logics, incentives and metrics must be aligned. This is not straightforward. Humanitarian organisations take a needs-based approach, targeting the most vulnerable; their donors require these organisations to report on the outputs and impact of their funding. Commercial enterprises seek to grow their business and become sustainable. Investors have their own set of indicators and requirements, including loan repayments, that must be met. Compromises are required, and finding a balance between refugee impact ambitions and business growth potential is a delicate and iterative process.

Specifically, traditional humanitarian donors often require programme data on individuals that is disaggregated by migration status, as is commonly tracked by NGOs working in displacement contexts. However, not many investors and companies are currently able to track and report things like migration status for each customer or supplier benefiting from an investment. Given the nascent nature of RLI, there are still questions around the effectiveness and costs related to potentially complicated metrics imposed by traditional donors. It is important to continue the conversation on what metrics are necessary and sufficient to measure impact on forcibly displaced populations, but are not so cumbersome to collect that they impede investments and investment pipeline creation.

Host country policies and regulations

Host country policies and regulations can not only directly and negatively impact the overall lives and livelihoods of refugees but also act as a barrier to impact investments. In many emerging markets, including refugee-hosting countries, there are prohibitive foreign investment policies and regulations, such as those related to taxation and (the lack of) investor protections. In addition, in many refugee-hosting countries, refugees are unable to realise their rights to work, start a business, own property, access banking and move about the country freely.

Even in countries where there are more progressive policies that support the economic inclusion of refugees, there may be other regulatory challenges that hinder refugee-owned and refugee-serving businesses from accessing capital. Take for example Ethiopia, where refugees are categorised as foreigners under foreign direct investment laws; this means refugees are subject to specific requirements if they want to start a business, such as that they must raise USD 100,000 in investments – a sum often far too large for them to raise.

Policy and regulatory barriers must be identified and overcome for RLI to succeed. In identifying these challenges, impact investors can help support and even incentivise governments to make policy and regulatory reforms that can spur economic growth and drive social outcomes for refugees and host communities.

Insights

Technical assistance

There is a dearth of investment capital in emerging markets, especially in Africa, and especially for SMEs led by local founders. This is magnified for SMEs operating in marginalised areas, that are refugee-owned, serving refugee populations or significantly employing refugees. Providing technical assistance is crucial to the success of RLI – both before investment and post investment.

Large companies and financial institutions that are working at scale in, or want to expand to, areas that host significant forcibly displaced populations need to be equipped with the knowledge, linkages and practices to engage communities affected by forced displacement. This type of focused advisory support builds the pipeline of enterprises that specifically align with RLI, attracting new capital, which in turn provides incentives for additional businesses to participate, ultimately growing the RLI ecosystem. Furthermore, it provides a roadmap for similar technical support from RLI investors.

Refugee representation

Refugee representation and voice are as

important for investment and private sector-led approaches as they are for humanitarian programming. This means actively engaging displaced people as employees, customers and suppliers across core business processes and design, including recruitment, product development, sales strategies, measurement, due diligence, data collection and market assessments. It also involves working with refugee-led and refugee-serving organisations to support investment efforts and technical assistance where relevant and making strong efforts to ensure refugee representation across different leadership levels. However, knowledge of investment language and due diligence processes are technical fields. It is not the easiest world to enter for any outsider, let alone for humanitarian workers or most refugees. Those working to develop businesses in displacement-affected communities have a responsibility to create meaningful pathways for inclusion and participation.

Better understanding and framing climate vulnerability

As climate-related crises escalate, the impacts on migration, food security and the likelihood of conflicts will only intensify. This, in turn, heightens the needs and vulnerabilities of displaced populations and the communities hosting them. Within this dynamic, defining displacement, determining migration status and assessing the duration of displacement can present considerable challenges. Adopting flexible investment approaches that target marginalised areas and respond flexibly to the diverse challenges faced by these communities is essential.

Business models that provide solutions to enhance community resilience to climate change, such as solar irrigation, agricultural insurance and access to markets, not only foster economic integration in displacement-affected communities but also fortify them against future shocks. By grasping the intricate interplay of fragility, climate and displacement, investment should prioritise solutions that deliver both immediate economic benefits and lasting resilience.

Recommendations

The authors have a few key next steps and recommendations they would like to encourage readers in the refugee finance space to participate in and support:

1. **An RLI community of practice**
   With the growing adoption of RLI and adjacent investment approaches around the world, we see the need for ongoing thought leadership for the investment community, where new ideas can be cross-pollinated, learning and data can be captured and disseminated, and the overall ecosystem can be broadened. We propose the creation of an RLI community of practice where global stakeholders can share experiences, answer questions and learn about this exciting new field of impact investing. Regional gatherings drawing together interested capital partners (e.g. asset managers, foundations and family offices) and successful RLI investees will help crystalise and grow the field, while timely interventions, storytelling and reporting will help provide the data and evidence-base to enable RLI investors to make investments.

2. **Fund and invest creatively**
   Financial innovation in unproven contexts requires patient and flexible donor funding. At this early stage of field development, we believe public and/or philanthropic sources with patience and open minds are necessary to allow for iteration, creativity and innovation. Pioneers are working to prove the impact of investments on forcibly displaced populations and to analyse

how much concessionality (provision of capital on favourable terms) is needed. Ideally, a mix of grants and commercial return-seeking capital can be used to scale these approaches. We encourage donors and investors to think outside the box and draw on multiple financial tools and capital that are focused on both financial and social returns, such as grants, impact investment, private equity and guarantees. Lessons and experiences from utilising this mix of tools and capital should be shared to support scaling up RLI.

3. **Open-mindedness on impact and metrics**
If investment strategies and funds remain narrowly focused on specific metrics relating to individual displaced people only (like number of jobs created for FDPs per investment), they risk becoming entangled in complex and time consuming definitional and validation processes that can lead to restrictive criteria for investment. Donors and investors in other sectors, are already broadening their understanding of impact and using more flexible metrics that measure things like adaptation or resilience to shocks, or taking an area based approach with a wider view of outcomes. Incorporating a less rigid approach to measuring impact for FDP populations will allow funds to broaden the pipeline of investments that will ultimately impact and benefit displaced people and host communities. We encourage the adoption of a broad but well-defined impact and measurement framework that accounts for a range of investment potentials beyond standard livelihoods programme metrics.

4. **Broaden the conversation and widen the tent**
As the RLI lens evolves, we advocate for the integration of displacement considerations across impact strategies in emerging markets, including areas like climate-smart agriculture, productive use of energy and other economic development themes. We need to broaden the comprehension, conversation and engagement of stakeholders. This entails forging new partnerships and extending beyond humanitarian and multilateral organisations to incorporate the private sector, investors, climate financiers and policymakers. We propose bringing the topic of displacement to other general investment and climate fora to educate and include more actors in this conversation.

Barri Shorey
Senior Program Officer for Refugees and Disasters, Conrad N. Hilton Foundation

Lauren Post Thomas
Senior Advocacy Officer for Refugees and Safe Water, Conrad N. Hilton Foundation

Lindsay Camacho
Government Partnerships Manager, Acumen

Kate Montgomery
Director, Acumen

Tim Docking
CEO, Refugee Investment Network

Selen Ucak
Refugee Entrepreneurship Lead, Refugee Investment Network

Morten Schacht Högnesen
Director, Program Innovation and Business Engagement, Danish Refugee Council

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Multilateral development banks' role in solutions to disaster displacement

Christelle Cazabat, Steven Goldfinch and **Faisal Abdul**

Multilateral development banks can play an instrumental role in solutions to displacement linked with disasters, through investments in mitigation, climate adaptation and infrastructure to build communities' long-term resilience.

Touristic resort destroyed by the 2022 tsunami which displaced thousands of people in Tonga, taken 2023. Credit: Christelle Cazabat

Across the past decade, 65% of all disaster displacements recorded in Asia and the Pacific occurred in low and lower-middle-income countries.[1] Low levels of socio-economic development increase the risk of displacement, as poorer individuals, communities and countries have limited capacity to cope with severe or repeated disasters and with the slow-onset effects of climate change. Displacement, in turn, increases the risk of poverty and reduces development opportunities, creating a vulnerability loop with long-lasting effects.

The cost of providing internally displaced persons (IDPs) with emergency assistance is estimated at USD 20.5 billion globally.[2] In addition, IDPs' ability to work is often compromised upon displacement, at least temporarily. With 9.5 million people likely to be displaced by disasters in any given year across Asia and the Pacific, USD 275.5 million could be lost for every day that they are unable to work.[3] Of course, the impacts of displacement on development also go beyond financial costs and losses: displacement has negative consequences for the health and education of affected individuals and can hinder human development and future opportunities for growth.

The Internal Displacement Monitoring Centre (IDMC) and the Asian Development Bank have conducted joint research to identify how multilateral development banks (MDBs) can best support solutions to internal displacement linked with disasters and climate change.[4] The consequences of displacement can threaten to slow down or even reverse socio-economic development. Investing in preventing displacement and finding solutions to displacement is therefore clearly aligned with MDBs' mandate, and development financing can be instrumental in securing enough resources to address the issue in the most sustainable and cost-efficient way.

Identifying displacement as a development priority

For MDBs to fund displacement-related initiatives, displacement must first be identified as a development priority by the affected country. In situations of significant displacement or displacement risk, a national approach could be set out in a country's National Development Plan. In other contexts, the inclusion of displacement needs within sector plans, medium and long-term climate adaptation strategies, and national disaster risk management plans can help guide action and finance.

In some countries, displacement-specific national policies, strategies or plans have been developed; they set out a clear path for addressing displacement across sectors in a coordinated and coherent approach. In Asia and the Pacific, many countries such as Fiji, Vanuatu, India, Pakistan, Bangladesh and the Philippines already consider displacement in their national policy architecture, and this can serve as the basis for investments by MDBs. In countries where displacement-specific or displacement-inclusive policies and frameworks are not yet in place, MDBs can provide technical assistance to develop guidelines and frameworks to address specific displacement drivers, impacts and risks.

Financial support for displacement-related priorities should be based on an estimation of the current and future impacts of displacement, identifying funding needs, as well as potential return on investment in terms of development outcomes. For a project to be funded by MDBs, it must demonstrate its viability in addressing these identified needs and impacts effectively. However, there are many data gaps on the scale and impacts of internal displacement linked with disasters and climate change, particularly longer-term impacts on socio-economic development.

A 2021 IDMC assessment[5] covering the Asia and Pacific region found that 32 out of 65 countries were not reporting any information on the number of people pre-emptively evacuated or displaced during and after disasters, the number of houses destroyed and the duration of displacement. Data gaps often hamper the ability of governments to create a compelling business case for investments in displacement prevention and finding solutions to displacement. MDBs can support governments in obtaining the necessary information through investments in national data systems, including statistical offices, technical assistance, dedicated research grants or MDB-led analyses.

Once these requirements are met, countries can use development finance from MDBs to reduce the risk of displacement, respond to the immediate needs of displaced people and host communities, and invest in longer-term planning (in areas of origin or destination) to support lasting solutions. This can take various forms, including structural support for physical infrastructure, non-structural support for service delivery and the development of policies.

How MDBs' development-related support can address displacement

One of the most effective ways to address disaster-linked displacement is to invest in limiting its root causes, including the destructive impacts of sudden-onset disasters on housing and other infrastructure, and the deterioration of livelihoods due to the effects of climate change. MDBs can support these efforts by funding governments' initiatives on climate change mitigation and adaptation, disaster risk reduction or planned relocation.

MDBs have extensive experience in investing in disaster risk reduction and strengthening the resilience of communities and systems to hazards and shocks; over 45% of all projects financed by the Asian Development Bank in 2023 had disaster risk management features. This provides entry points for the inclusion of measures to reduce displacement and invest in the resilience of vulnerable communities through initiatives around hazard reduction. These include flood risk and river erosion management, or improving agricultural production through irrigation and the introduction of climate-resilient crops. Other relevant measures could include enabling access to markets by improving roads and supply chains, finance and risk transfer through credit and insurance schemes, and risk governance through strengthening building codes, compliance and early warning systems.

As the governments of lower-income countries make a stronger case for these types of investments, there is an opportunity to increase their volume and quality. Forecast-based financing mechanisms can also be used to mitigate the risk of displacement and its negative consequences on people and development. These work by combining data and weather forecasts to predict extreme weather events and their impacts, and automatically releasing money for emergency response in advance.

Where displacement has been prioritised as a development issue, governments can draw on their allocations of regular market-based loans, or for lower-income countries, concessional loans. Those in need of more concessional support can use grant resources, albeit recognising that these are limited. Given these constraints, integrating displacement considerations within sector projects offers multiple benefits, in terms of addressing root causes and reaching displaced people and those at risk of displacement.

Large-scale infrastructure projects, urban development projects (including affordable housing and sustainable urban planning), and investments in the healthcare and education sectors are pivotal for the long-term resilience of communities to climate change and natural hazards. For instance, people with higher incomes and better housing conditions were found to be less often displaced by floods in Jakarta,[6] while people with no education were found in higher proportion amongst those displaced for years after the 2015 earthquake in Nepal.[7] Socio-economic development can contribute to delaying or preventing displacement by providing people with more coping options and contribute to the sustainable integration or return of already displaced people. In addition to regular country allocations, thematic or special funds are available from MDBs to support solutions, including relocation and facilitating voluntary and sustainable resettlement to safer areas.

Lending which is conditional on policy changes being made can provide general budget support to public sector borrowers, helping countries facing a financing gap in their annual budget. The loan (or grant) is disbursed only when the borrower completes policy reforms or actions that have been agreed upon. While the primary focus of a policy-based loan or grant is unlikely to be displacement, displacement can be addressed as part of wider resilience-strengthening reforms. However, there are inherent constraints in providing speed or flexibility to regular instruments like programme loans. These limitations can impede timely and effective responses to displacement issues, highlighting a need for more flexible and adaptable financing solutions.

MDB financing after disasters

MDBs provide immediate liquidity through the rapid disbursement of funds to support basic services following a disaster. They also play a critical role in financing the reconstruction of homes, community facilities and infrastructure, fostering long-term resilience in affected communities. The World Bank's International Development Association (IDA) includes the Crisis Response Window (CRW),[8] a fund to support countries with immediate funding for exceptionally severe crises. After the 2015 Gorkha earthquake in Nepal, the World Bank invested in restoring 55,000 affected houses in targeted areas with multi-hazard resistant core housing units and enhancing the government's ability to improve long-term disaster resilience.

The EBRD (European Bank for Reconstruction and Development) also dedicated funding for the response to the 2023 earthquakes in Türkiye,[9] including 600 million euros in credit lines to local banks for businesses and individuals directly affected by the earthquakes, as well as new lending to companies participating in recovery and reconstruction efforts in the area. By investing in the reconstruction of sustainable infrastructure and supporting the economy to preserve human capital, livelihoods and jobs in the affected cities, it is hoped that this project will limit the duration of displacement and contribute to the return and reintegration of IDPs.

Next steps

Multilateral development banks have been, and can increasingly be, instrumental in addressing the root causes of displacement, supporting affected communities and investing in longer-term solutions. MDB's diverse funding mechanisms can provide not only immediate funding for response and recovery in the aftermath of a disaster but also play a critical role in the reconstruction of more resilient homes and infrastructure, reducing the risk of future displacement. Investments in climate change mitigation and adaptation, disaster risk reduction, urban development, healthcare, education and livelihoods are pivotal for the long-term resilience of communities to climate change and disasters.

In order to enable MDBs to take a more active part in solutions, a shift is required in the way internal displacement is framed, from a purely humanitarian perspective to a development lens. This shift must be reflected in national policies, budgets and plans. MDBs can help by raising awareness of the need to include displacement in development planning in affected countries and supporting better national data systems and displacement-inclusive policies. They can be influential in guiding governments towards the most inclusive, comprehensive and efficient approaches to address displacement as a development issue.

Christelle Cazabat
Head of Programmes, Internal Displacement Monitoring Centre
christelle.cazabat@idmc.ch

Steven Goldfinch
Senior Disaster Risk Management Specialist, Asian Development Bank
sgoldfinch@adb.org

Faisal Abdul
Consultant, Asian Development Bank
aabdul.consultant@adb.org

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An Insurance Model for Financing Climate Displacement

Harrison Munday

People displaced due to climate impacts are owed financial reparations, but there is no one party responsible. An insurance model, whereby primary and ancillary contributors to climate change pay in to a fund, offers a way forward.

Flash floods in Sunamganj, Bangladesh, resulted in the displacement of thousands of people.
Credit: Muhammad Amdad Hossain / Climate Visuals

Human movement and displacement resulting from environmental events are nothing new, but climate change is now bringing about displacement on an unprecedented scale. While there is disagreement over exactly how much displacement will occur, it is clear that rising sea levels, more frequent droughts and bushfires, and more intense extreme weather events will increase the displacement of individuals and communities.[1]

In this article, I refer to climate displacement as the temporary or permanent displacement of people, either within nation-States or across borders, which is driven in part by climate impacts.[2] Climate impacts are climate change-induced natural disasters or events, ranging from rapid onset to slow onset events, all of which increase the risk of displacement. The impacts of climate change are best conceptualised as compounding causes and harms that interweave with other drivers of displacement, drivers that are influenced by societal factors such as economic and social position, existing vulnerabilities and capacity to endure sudden change.

Climate displacement is complex and so too are the climate impacts that result in such displacement. Climate impacts can onset slowly, like the continued drying of arable land or rising sea levels; other impacts, like flooding or cyclones, onset rapidly.

The harms of climate displacement and the need for reparations

Climate impacts can result in property damage or loss, diminish income generation, fragment community relations, disrupt the supply of basic goods and services, limit people's capacity to plan, and cause significant harm to livelihoods and physical and mental health. According to the World Health Organization[3] climate change is expected to increase rates of undernutrition, heart disease, heat stress and the spread of diseases like malaria, leading to an estimated 250,000 additional deaths per year by 2050. Furthermore, symptoms of depression and an upsurge in anxiety and post-traumatic stress disorders have been reported in people who have endured climate impacts.[4]

Additional harms arise if climate impacts result in displacement. People who are displaced can experience the loss of property, land, income streams and territory. This disturbs and sometimes destroys people's way of life, connection to place and right to self-determination.

A basic intuition of justice is that amends and reparations are owed to those who are harmed or wronged. Actors responsible for causing harm to others are morally obligated to right their wrongs and repair the injustices they inflicted upon others. Reparations aim to repair harm and wrongdoing. Like financial compensation, reparations are afforded by those responsible, to the harmed or wronged. In the case of climate displacement, reparations are better understood as a means of redistributing resources and altering policies and institutions that have caused harm, rather than just a one-off financial compensation.[5]

Just reparations for climate displacement require more than compensation alone, but the important reparative role that financial compensation plays should not be overlooked. Some people who are at risk of climate displacement have been offered migration rights – for instance, Australia recently offered citizens of Tuvalu the right to migrate to Australia – but, to date, there has been very little offered in the way of direct financial compensation.

Direct compensation for climate displacement gives people who are harmed and displaced by climate impacts dignity of choice, helping to restore individual agency. When financial resources are provided without restrictions, recipients can choose how to allocate these resources as they see fit. For those displaced internally, financial compensation can help repair or rebuild homes and shelters, assist in the revival of income streams, and allow people to acquire food, clean water and much-needed health care. For those displaced across borders, such compensation enables free movement and provides a safety net, making the demands of migration and re-settlement less pressing. Reparations that comprise financial compensation offer us one way of redressing some of the harms suffered by climate displacement. This, however, raises questions about who should pay for climate reparations.

The challenge of determining responsibility for climate displacement

When it comes to paying for the costs of climate displacement, determining responsibility becomes problematic, because there is no clear link between a sole cause and effect. This is because climate impacts interweave with other displacement causes and factors, compounding the harms and injustices already experienced by vulnerable people and communities.

For instance, in Australia, the unequal distribution of income and wealth has led to significant poverty in sectors of the community, with Aboriginal and Torres Strait Islander communities being disproportionately affected. The 2022 rapid flooding of Lismore resulted in the internal displacement of thousands of people. But Aboriginal communities were among those worst affected as many community members lived in more affordable, yet low-lying, vulnerable housing and they did not have access to the necessary resources, services and support to prepare for and respond to emergencies.[6]

The multi-determinant nature of climate displacement obstructs our sure judgments about responsibility, as does the sheer number of actors that contribute to climate harms. Nation-States that fail to take reasonable action to repair other social and economic factors also seem to bear some responsibility. There are also other intersectional factors and inequalities to consider around politics, race, sex, age, disability, and so on. So, how can we hold contributors to climate impacts responsible for climate reparations? To overcome this problem, an insurance-like model for financing climate reparations and displacement could be implemented.

An insurance model: recognising shared responsibility

An insurance model focuses on the overall increased risk of displacement caused by climate impacts. Just as the complex causes in medical negligence cases make it challenging to determine responsibility, leading to the adoption of insurance-based compensation models for patients who are harmed, the complexities in locating responsibility for climate displacement should likewise shift us towards thinking about an insurance model when it comes to financing climate displacement reparations. People who become displaced, whether or not that displacement is directly attributed to climate impacts, along with people who are affected by climate impacts in other ways, would be owed reparations.

This insurance model approach is a more effective way of financing climate displacement reparations and ultimately repairing climate harms. But who is obligated to pay into this insurance model?

Existing commentary on who ought to contribute to climate reparations, or who ought to pay into an insurance model, primarily focuses on high-emitting nation-States that have benefited greatly from carbon-emitting activities. This assignment of responsibility is captured by the principle that the greatest polluters or emitters should pay the most.

Yet, placing sole responsibility on nation-States to pay into an insurance model is far from sufficient. Ancillary actors, that enable pollution to continue or who actively promote anti-carbon reduction policies, for example, have largely gone ignored. With an insurance-like model for climate displacement reparations, the actors who contribute and benefit most from activities such as polluting, and who therefore primarily increase the risk of displacement, should contribute a higher share of the costs. However, just as we might consider the National Rifle Association of America to some degree morally responsible for the harms caused by gun violence, we ought to consider fossil fuel lobbies responsible for some increase in the risk of displacement.

In practice, a climate displacement insurance fund would pool contributions from primary and ancillary contributors to climate change – nation-States, fossil fuel companies, and lobbies or industries – and distribute those funds as a form of reparation to those who are displaced or affected by climate impacts. Ancillary contributors, such as high-emitting industries and fossil fuel lobbies, would be required to pay into the fund through taxes, or levies, similar to models like the Oil Spill Liability Trust Fund[7] or The Amazon Fund.[8] While legally enforcing fund contribution presents as a genuine hurdle that demands attention, previous contributions to similar funds through Corporate Social Responsibility initiatives (for instance, Petrobras' contribution to the Amazon Fund[9]) gives us hope that there is a genuine possibility for this kind of ancillary responsibility taking and contribution.

Ancillary financial contributions would reflect their role in increasing climate risks, helping to uphold accountability beyond just nation-States. Unlike loss and damage agreements, which focus on compensation post climate-related disasters, this fund would proactively address displacement risks by pooling resources in advance, ensuring faster access to reparations for affected populations without the need to directly prove causality between contributors', specific climate impacts and harms.

An insurance model presents a plausible and practical answer to the question of who is responsible for climate displacement and who should pay for reparations. Primary actors like nation-States and fossil fuel companies, and ancillary actors like oil lobbies should all financially contribute. That contribution ought to be proportionate to their involvement in increasing the overall risk of displacement.

An insurance model for financing climate displacement reparations would allow us to give those who are affected by climate impacts their due. It would also better capture the distribution of responsibility and ensure those actors who have increased the risk of displacement pay their fair share towards climate reparations.

Harrison Munday
Doctoral student in Political and Social Philosophy, University of New England, Australia
hmunday3@une.edu.au

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Money changes everything: leveraging climate finance for human mobility

Ileana Sînziana Pușcaș and **Lorenzo Guadagno**

The Fund for responding to Loss and Damage presents an opportunity to increase the climate finance streams that support work on human mobility. Concerted efforts are needed to ensure that climate migrants are involved in decision-making.

In 2023, disasters led to some 26.4 million internal displacements, with 7.7 million people still displaced at the end of the year.[1] By 2050, there could be 216 million internal climate migrants if no climate or development action is taken (there are no current estimates for the likely number of cross-border climate migrants).[2]

The direct and indirect costs and impacts of these movements for affected persons, communities and countries are significant, if largely underestimated or completely unreported. Even without accounting for these costs, the current financial landscape is not aligned with the scale and needs of the most climate-vulnerable countries and their populations. Climate funds are particularly limited in their offer for supporting action related to human mobility. A 2018 mapping[3] by the Task Force on Displacement (TFD) shows that only a small proportion of the programmes funded by the Green Climate Fund (GCF) at the time addressed human mobility. In recent years, the situation has remained unchanged, as most work on climate change and human mobility is still funded outside the climate finance sector, and primarily relies on other donors focused on humanitarian response.

Accelerating human mobility operations

The creation of the Fund for responding to Loss and Damage[4] presents an opportunity to increase the climate finance streams that support work on human mobility. The Fund was established following 30 years of advocacy by the countries most vulnerable to climate change. It aims to respond to the most devastating impacts of climate change, including when they are irreversible. The need to set up the Fund was agreed at COP27. At COP28 in December 2023 States decided to operationalise the Fund and pledged contributions which currently stand at around USD 700 million.[5]

The set-up of the Fund seems conducive to a stronger integration of human mobility objectives and responses into climate action. Its scope explicitly includes displacement, planned relocation and migration. It is the first time that a climate fund has highlighted human mobility as part of its designated thematic areas.

Moreover, climate migrants are meant to be consulted in the work of the Fund and its board. While operationalising this presents potential challenges, people on the move are now acknowledged as beneficiaries of climate funding.

States also indicated that activities supported by existing multilateral climate finance institutions and funds should include refugees and climate migrants. This broadens the space for people displaced by climate change to participate in decision-making, acknowledges their role as actors of change and multiplies the opportunities for long-term climate finance investments into responses to human mobility.

Lastly, the International Organization for Migration (IOM) will be part of a high-level dialogue to coordinate the work of the Fund and other loss and damage funding arrangements. This is a further indication that human mobility operations are relevant in these discussions and important to decision-making on funding allocation.

In addition, two features of the Fund could encourage effective work on human mobility. Firstly, it establishes a minimum allocation for least developed countries (LDCs) and small island developing States (SIDSs), recognising the disproportionate effects of climate change on the most vulnerable countries and their populations.[6] Secondly, communities should be able to access the Fund through small grants, which opens the possibility for migrants, displaced persons and refugees to directly access these resources.

What is needed now?

The Fund's Board (its governing body) and the interim secretariat (which provides expertise and support to the Board) have met three times in advance of COP29, and will meet once more in 2024 to create the structures and define the modalities of the Fund, including access and disbursement, as well as stakeholder participation in the work of the Board. Careful consideration should be given to the integration of human mobility in the progress of this work.

For the references to human mobility in the COP28 decisions to be fully operationalised, baseline knowledge of what could be funded, and what is already funded, is needed. During the 2023 negotiations, thematic needs and priorities were only touched upon. This was due to the difficulty in prioritising specific topics among the vast scope of impacts and responses that are all deemed important to the discussions on loss and damage in different countries. As the structure and modalities of the Fund are being articulated, the time is ripe to advance a more detailed thematic discussion.

The inclusion of human mobility issues in the scope of the Fund for responding to Loss and Damage needs to translate into action addressing the following three goals:

1. **Add displacement and its impacts to the loss and damage bill**
   The resources needed to address the growing occurrence, duration, costs and impacts of displacement in the context of climate change should be factored into the determination of the scale of finance needed and made available through the Fund and other funding arrangements. All relevant efforts will have to be amplified to address the full extent of humanitarian, transition and durable solution needs in the coming decades.
2. **Allocate climate finance for comprehensive planned relocations**
   Resources should be made available to support affected countries to relocate communities from at-risk areas, as a last resort, when in-situ adaptation is no longer viable. Planned relocation processes must be consultative and based on human rights, and should support interventions that address all dimensions of people's and communities' well-being, which makes them lengthy and costly. In the absence of appropriately resourced processes, these operations often result in further loss and damage, as livelihoods are disrupted, cultural practices lost and economic prosperity and human security undermined.
3. **Invest to leverage the positive potential of migration**
   Long-term approaches to loss and damage should be established and supported to enable vulnerable countries to make early,

proactive investments for safe migration. This means setting up policies, strategies, plans and investments to absorb the arrival of new migrants, grant migrants protection of rights and access to services or provide people at risk with opportunities for dignified migration. This could include labour schemes, family reunification or humanitarian visas via bilateral or multi-lateral agreements.

Realising the Fund's potential

There are multiple opportunities to operationalise these goals for human mobility in the Fund. Most prominently, the Task Force on Displacement under the Warsaw International Mechanism for Loss and Damage is preparing three relevant technical guides.

The *Technical guide on accessing finance*[7] *for averting, minimizing, and addressing the impacts of displacement associated with climate change impacts* will present an overview of the funding options for displacement response within climate finance mechanisms, as well as the capacities, technical requirements and process to access such funding.

The *Technical guide on averting, minimizing and addressing non-economic losses*[8] *in the context of human mobility* is aimed at supporting national practitioners and policymakers to identify the non-economic losses linked to human mobility and respond to them. Different types of non-economic losses in the context of human mobility will require different actors and expertise. A combination of sectoral approaches ranging from improving healthcare access, ecosystem management, and initiatives to promote both cultural preservation and social cohesion will be needed.

The *Technical guide on integrating human mobility*[9] *and climate change linkages into relevant national climate change planning processes* could be used to support countries to develop, update and implement human mobility approaches within their national plans. As the modalities of the Fund are still being established, it is not yet clear whether and how recipients will need to demonstrate incurred loss and damage and assistance needs. Potential avenues are the national planning processes, such as the national adaptation plans and the nationally determined contributions, and loss and damage assessments at national and local levels. Many organisations are contributing to developing an assessments database, DesInventar 2.0, to track losses and damages and their impacts. It is important that these efforts are recognised in the ongoing development of standard approaches and tools for the comprehensive assessments of climate action and climate change impacts.

Next steps

Specific discussions and processes related to participation will be needed in order to enable the engagement of migrants and refugees in decision-making on climate finance, action and support. There are practical challenges to deal with. The UN's climate change agency, UNFCCC (UN Framework Convention on Climate Change) has nine constituencies that represent a variety of interests and perspectives (including business and industry, environmental NGOs, indigenous people, farmers and others). There is no recognised constituency for migrants and displaced persons and there is also no defined representation for them within national planning fora. Further challenges include the limited opportunities for meaningful participation and engagement of community representatives in climate policy decision-making, and the insufficient availability of resources to support relevant processes.

Organisations working on human mobility

and climate change have produced recommendations on practical ways forward.[10] This could entail working with existing networks of grassroots organisations representing migrants, building the capacities of their representatives to contribute to climate policy discussions, and integrating their representatives in existing constituencies that have a seat in climate negotiations.

Multiple key actors will need to increase their efforts to accelerate climate finance allocation towards human mobility. The existing climate funds, such as the Green Climate Fund, Adaptation Fund and the Global Environmental Facility, should leverage the COP28 decision towards funding more proposals with contributions from, and for the benefit of, people on the move. At the same time, more proposals related to displacement, planned relocation and migration need to be submitted to these funds, which requires governmental institutions and other organisations working on human mobility to strengthen their capacity to secure climate funds.

Finally, IOM should leverage its seat at the High Level Dialogue on Loss and Damage to amplify messages and priorities from the broader human mobility community. In particular, there is a need for organisations working on migration to showcase the investments they have already made to respond to climate mobility, and the need for additional resources to come in from climate finance.

While the COP28 decision provides a foundation to respond to human mobility in the context of climate change, bridging the gap in the allocation of climate finance will require continued efforts to make relevant impacts and needs more visible, as well as making relevant work more prominent, for governments, communities and other stakeholders. At this juncture of global climate negotiations, human mobility actors can play an essential role in shaping a funding landscape that supports more effective work to avert, minimise and address impacts for the most vulnerable people in climate-affected countries.

Ileana Sînziana Pușcaș
Climate Migration Senior Expert, International Organization for Migration

ispuscas@iom.int

linkedin.com/in/ileana-sinziana-puscas-2604ab4a/

Lorenzo Guadagno
Project Coordinator, Platform on Disaster Displacement

lorenzog@unops.org

linkedin.com/in/lorenzo-guadagno-63ab4915/

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Disclaimer: The opinions expressed in this publication are those of the authors and do not necessarily reflect the views of the International Organization for Migration nor of the Platform on Disaster Displacement.

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Applying a multi-sector analysis to financing forced displacement response

Purvi P. Patel and **Adithya Prakash**

Conversations on forced displacement in many cases still centre on the climate versus conflict dichotomy, but multiple factors often combine as triggers, requiring a more analytical approach to financing forced displacement response.

Floods in New Orleans following Hurricane Katrina. September 2005. Credit: NOAA/Climate Visuals

As the number of forcibly displaced people has soared, international actors have moved to emphasise the importance of climate impacts on large-scale population displacement. This is reflected within the financing mechanisms being made available for humanitarian crisis response, such as the Central Emergency Response Fund Climate Action Account and the recently launched UN Fund for responding to Loss and Damage. However, a narrow focus on climate shocks does not take into account the complexity of factors which contribute to forced displacement.

The connections between climate shocks and conflict

Some prominent advocates have positioned scaling up of climate finance within overall humanitarian budgets as a need to shift discussions on forced migration away from the sole focus of conflict-related population displacement and towards action on climate insecurity. However, this climate versus conflict paradigm is a false dichotomy. While it is true that large-scale climate shocks can contribute towards destabilising a region, regions labelled as most climate vulnerable often overlap with the most conflict vulnerable. UNHCR notes, "…almost two-thirds of all newly displaced asylum-seekers and refugees in 2022 originate[d] from 15 countries that are highly vulnerable to the impacts of climate change."

Climate change can exacerbate existing protection risks for displaced communities or create new ones by impacting drivers of conflict. It may result in secondary or tertiary displacement, where a community initially displaced by conflict is placed at further risk due to a climate shock. Although research has shown that direct causality cannot be drawn between conflict and climate factors, the two drivers often intersect in the dynamics of forced displacement. The weight of each on population displacement, and the way they interact, is usually context-specific and highly dependent on local dynamics.

UNHCR acknowledges this link by detailing how climate considerations might factor into a more traditional refugee status determination analysis or the need for other legal forms of international legal protection:

"No special rules exist for determining refugee claims made in the context of the adverse effects of climate change and disasters. However, the assessment of claims for international protection, as conducted by national asylum authorities, should not be limited to, nor focus narrowly on the climate change event or disaster as solely or primarily natural hazards. Such a narrow focus might fail to recognize the social and political elements contributing to or being exacerbated by the effects of climate change or the impacts of disasters or their interaction with other drivers of displacement, including conflict or discrimination."

The argument for a multi-factor analysis of the triggers of displacement

In truth, climate and conflict are only two of the multiple compounding factors that influence the onset of large-scale forced displacement, albeit ones that often carry much weight in the overall analysis of underlying factors. Other factors contributing to the risk of climate-related displacement include inequality, social tensions, poor infrastructure, limited livelihoods, local access to resources, ownership of those resources, legal/political marginalisation, historical disinvestment, weak governance, and socio-economic pressures and a lack of political will to address them. As such, financing for forced displacement should move to a more multi-factor model where the weight of each factor is context-specific to how it affects local resiliency.

A multi-factor analysis of the triggers of forced displacement intuitively makes sense when looking at real-world contexts because one factor alone is often not enough to trigger long-term mass displacement. For example, a severe climate event alone does not always result in population displacement.

Case studies: how climate shocks impacted populations in India and the US

Larger-scale climate events can result in less population displacement if they affect communities with better infrastructure and economic resilience. Smaller-scale shocks can cause greater population displacement if they hit impoverished communities with poor infrastructure and limited access to livelihoods and resources. An analysis of the impacts of flooding in different areas of India demonstrates this.

Flooding in Kerala, India, in 2018, resulting from 2,346 mm of rainfall, affected 5.4 million people (of whom 1.4 million were displaced) and resulted in far more economic damage than the 2007 flooding in Bihar (corresponding to only 83 mm of rainfall), which caused less economic damage but affected 20 million people. Less economic damage in Bihar likely corresponded to lower levels of economic development before the flooding, which could also have contributed to the fact that the floods affected far more people.[1]

Variations in the impact of climate shocks can be seen in more economically developed regions as well. In the United States, Hurricane Katrina was a Category 3 hurricane when it made landfall in New Orleans in 2005 and displaced over 250,000 New Orleans residents. By comparison, the stronger Category 4 Hurricane Harvey hit Houston in 2017 and displaced only 40,000 residents. Both storms, on average, caused an estimated USD 125 billion of damage.[2] The disparity in displacement numbers between Katrina and Harvey is largely attributed to disaster preparedness and infrastructure, Houston had expanded flood resistance measures, including levee systems (floodbanks) and high flood walls.

Using multi-factor analysis to predict displacement

When multiple shocks overlap, with enough combined force, the resulting displacement intensifies pre-existing patterns of migration. Thus, the real driving force behind large-scale forced migration is a lack of resiliency to the combined weight of multiple factors that together affect a community's ability to continue surviving at home. The challenge is planning ahead for the point at which factors compound enough to undermine resiliency and force people to move. Financing mechanisms need to be adjusted so that they can either mitigate or else quickly respond to the factors triggering large-scale displacement.

One way to promote multi-factor analysis is to develop predictive models that give weight to different factors within a local context (local tensions, climate vulnerability, resilient infrastructure, community-level wealth and resources, strong governance, marginalised groups, etc.) to determine the likelihood of triggering future forced displacement. Each factor can be weighted according to its importance or likelihood in each context.

Some predictive analytics models have now begun to move towards such an approach, although the weight of different factors can vary depending on the focus of the actor. For example, the fatalities002 conflict predictive model from the Violence and Impacts Early-Warning System (VIEWS) – developed by a research consortium led by Uppsala University and Peace Research Institute Oslo – utilises political context, democracy indices, development indicators and climate data among the inputs into the model. Humanitarian agencies are also adjusting their analysis; UNHCR's Project Jetson forecasts forced displacement and the World Food Programme has a model for forecasting food insecurity. The International Federation of Red Cross and Red Crescent Societies (IFRC) has deployed a forecast-based financing model to allow rapid early response deployment of resources. These types of efforts or tools could be mainstreamed across all regions and levels of implementation, especially at the ground level.

Multi-factor analysis should also push humanitarian actors to work more effectively across the humanitarian-development nexus, especially if coordinated analysis could help humanitarian agencies to more effectively allocate resources and pre-position for potential disaster response. Better coordination between humanitarian and development actors could help lessen the risk of communities being displaced for a second or third time.

A way forward

A multi-factor analysis could influence the available financing for emergency response to forced displacement. Coordination and funding should be flexible enough to identify and respond to root causes, both as a preventative measure and when a crisis is triggered, in a way that prevents silos between humanitarian and development programming. Pre-existing funding mechanisms like the Central Emergency Response Fund can address this by pooling funds earmarked for humanitarian and development needs to approach displacement responses.

A second suggestion is a risk management model that integrates the multi-factor analysis framework for predicting displacement crises. Parameters such as climate vulnerability, conflict potential and other contextual factors can be expressed as standardised metrics to guide efficient resource deployment. While humanitarian emergency response funding is typically called on once mass population displacement has been triggered, allowing the use of development funds for crisis response would explicitly acknowledge the fact that poor infrastructure and limited livelihood options are themselves significant contributors to mass population displacement.

The mechanisms for such financing also matter. Some climate funds in the development sector are targeted towards for-profit business development or come in the form of loans that must be paid back and, depending on how the terms are constructed or implemented, could saddle communities with debt in a way that further impedes recovery. To this end, the World Bank and International Monetary Fund have introduced debt pauses in repayment and other forgiveness processes in some such cases. Some climate-related development funds are also available in the form of grants. Canada's climate funds for developing countries, the World Bank's Global Facility for Disaster Risk Reduction and Recovery, the Global Environment Facility's Special Climate Change Fund and the Adaptation Fund affiliated with the UN all provide grants for adaptation, mitigation and disaster risk reduction, areas of work that (in theory) also aim to address concerns of potential mass population displacement. However, grants themselves are limited and, unlike loans with favourable repayment terms, may end after the initial payment without being cycled back to provide more support in the future. Coordination between the development and humanitarian sectors is essential to determining the best solutions for each context.

While there are clear lines between the types of activities the humanitarian response sector and the international development sector should and do fund, those lines are blurring more and more as the numbers of forcibly displaced individuals worldwide grow. In this context, analysis of forced displacement, and the financing mobilised to respond to it, needs to be seen as a shared, multi-sectoral responsibility.

Purvi P. Patel
Visiting Fellow for Climate Displacement & Migration, Gateway House: Indian Council on Global Relations, India

International Affairs Fellow in India, Council on Foreign Relations, USA

linkedin.com/in/purvippatel

Adithya Prakash
Research Assistant, Gateway House: Indian Council on Global Relations, India

linkedin.com/in/adithya-prakash-a6054a217/

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Financing Brazil's response to displaced Venezuelans: implications and learning

Cláudio Antônio Klaus Júnior

Examining how Brazil finances its response to Venezuelan displacement offers critical insights into the effectiveness of these mechanisms. It also raises important questions about migration, aid and human rights protection policies.

Latin America has witnessed significant geopolitical and economic shifts over the past decade, with the crisis in Venezuela standing out as a critical destabilising factor with far-reaching implications. Since 2017, Venezuela has faced a severe economic downturn, marked by hyperinflation, political turmoil and shortages of essential goods, leading to a humanitarian crisis. This crisis has strained Venezuela's social fabric and triggered one of the most significant migration flows in Latin American history, with millions seeking refuge across the region, particularly in Brazil.

Brazil, in response, has become a primary host for displaced Venezuelans, posing both challenges and opportunities for the country. Brazil is home to over 501,000 Venezuelans (as of August 2023 according to ACAPS[1]), making Venezuela the main country of origin for immigrants in Brazil. Brazil recognises the majority of displaced Venezuelans as refugees and also has procedures in place for displaced Venezuelans to gain more permanent residency status.[2]

The influx of Venezuelan refugees has necessitated a robust and coordinated displacement response, underpinned by a complex web of financial mechanisms. These mechanisms are not merely logistical or economic tools but are deeply tied to issues of international cooperation, regional stability and the protection of human rights. Dissecting these financial strategies to understand their impacts, uncover their shortcomings and explore potential improvements will ensure that the response not only addresses immediate needs but also fosters long-term integration and stability.

Brazil's financial response to the Venezuelan displacement crisis

Brazil's financial response to the Venezuelan displacement crisis has been comprehensive and strategic, involving multiple layers of funding and collaboration. The Brazilian government has committed substantial financial resources to support initiatives like Operation Welcome,[3] which provides essential services, including documentation, immediate shelter and relocation programmes for Venezuelan migrants. This national effort has been significantly bolstered by international aid from organisations such as UNHCR and contributions from various foreign governments including the US, Canada and the European Union, enhancing the capacity and sustainability of the response.

Further enriching these efforts, partnerships with NGOs and private entities have broadened the scope and effectiveness of the initiatives. These collaborations have facilitated a range of services, from job placement assistance to cultural integration programmes, addressing both immediate needs and long-term integration goals for the migrants. For instance, NGOs like the AVSI Foundation[4] and Instituto +58[5] have played a crucial role in providing language lessons, professional training and legal assistance, helping Venezuelans navigate the complexities of integration in a new country. USAID,[6] the International Organization for Migration and international diplomatic missions in the country have also contributed with several resources, including nearly USD 15 million in development funding.

Innovative financing mechanisms, particularly public-private partnerships, have been pivotal in adapting and expanding the displacement response. These partnerships have enabled a more flexible and rapid deployment of resources, meeting the dynamic needs of the Venezuelan population in Brazil.

These modern financial strategies have effectively disrupted traditional, solely government-led models of humanitarian response. They have introduced a more decentralised approach that allows for tailored services that directly benefit displaced Venezuelans. This shift has resulted in a more efficient use of resources and a greater impact on the welfare and integration of Venezuelans into Brazilian society. Through these multifaceted funding efforts, Brazil is demonstrating a proactive and humane approach to managing one of the most significant displacement crises in the region.

The interiorisation strategy: relocating Venezuelans within Brazil

Brazil's response to the Venezuelan migration crisis has been multifaceted, but a key initiative has been the interiorisation strategy.[7] This programme, launched to manage the influx of refugees, aims to redistribute displaced Venezuelans from the overwhelmed border state of Roraima to other parts of Brazil. The strategy has facilitated access to better opportunities and integration into the formal labour market, significantly easing the initial burden on border regions. By providing logistical support such as transportation, documentation and initial housing assistance, the strategy has not only dispersed the demographic and economic impact across Brazil but also promoted the long-term integration of Venezuelans, allowing them to contribute to Brazil's economic diversity while rebuilding their lives under more stable conditions.

This strategic relocation has been vital not only for reducing overcrowding in Roraima State and surrounding areas but also for promoting better social and economic integration of Venezuelans throughout Brazil. The success of the interiorisation programme, as indicated by the substantial number of Venezuelans who have participated, reflects its effectiveness in helping refugees establish new lives in regions with more employment opportunities and better living conditions. This approach not only supports the refugees but also distributes the benefits and challenges of immigration more evenly across Brazil's vast territory.

By integrating private companies into the interiorisation programme, the Brazilian government has successfully leveraged corporate social responsibility funds to provide targeted vocational training and employment opportunities for relocated Venezuelans. For example, Adami S/A, a packaging and wood company in Santa Catarina hired 36 Venezuelan refugees who were relocated from Roraima, providing them not only with jobs but also with housing, social support and technical training through the Acolhidos por Meio do Trabalho[8] (Welcomed through work) project. This targeted approach not only accelerates the refugees' integration but also supports their long-term economic stability and social inclusion.

Providing legal support for Venezuelans in Brazil

One notable initiative in response to the Venezuelan displacement crisis is the Justicia sin Fronteras[9] (Justice without Borders) programme, managed by the Tribunal de

Justiça de Roraima (Roraima State Court of Justice) in partnership with the Venezuelan judge[10] Oswaldo José Ponce Pérez who now lives in the country. This programme offers Venezuelan immigrants civil resolution services directly related to issues such as paternity recognition, stable union recognition, child support and custody of minors. Additionally, it handles requests like birth registration for children born in Brazil, corrections to documentation, emancipation (the process by which a person under 18 becomes legally free from their parents or guardians) and other civil judiciary matters.

The initiative emerged as a collaborative response to the growing immigration issues in Roraima State, facilitated by a judicial cooperation agreement with UNHCR. This partnership allows proceedings to be conducted in Spanish, accommodating the linguistic needs of Venezuelan refugees. The programme plays a vital role in Brazil's displacement response by easing the financial strain on public resources. It resolves key civil issues that are essential for Venezuelans' integration into society. This support enables displaced individuals to more easily access employment, education and social services, reducing their reliance on emergency aid and other State-funded resources. In doing so, the programme not only meets immediate legal needs but also helps ensure a more sustainable and cost-effective approach to managing the displacement crisis in Brazil.

Implications and learning

The examination of Brazil's financing strategies in response to the Venezuelan displacement crisis reveals a complex yet innovative approach that combines government action, international cooperation and private sector engagement. This blend has not only supported immediate humanitarian needs but also facilitated the longer-term integration of Venezuelan migrants into Brazilian society. However, the reliance on diverse funding streams and partnerships also presents challenges, including the need for sustained commitment from all stakeholders and continuous adaptation to refugees changing needs.

The implications of these findings are profound for both policy and practice. They suggest that a holistic, multi-stakeholder approach can enhance the effectiveness of displacement response financing. However, there is a need for further research to optimise these mechanisms and ensure they are scalable and sustainable.

As global displacement issues continue to evolve, there is an urgent need for more inclusive, innovative and community-driven financing solutions. It is crucial for countries around the world to learn from Brazil's experiences and explore similar collaborative models that not only address immediate crises but also support the long-term well-being of displaced populations. Such efforts should aim to foster resilience, promote social inclusion and ensure that all individuals have the opportunity to contribute positively to their new communities.

Cláudio Antônio Klaus Júnior
Global Professional Master of Laws student at the University of Toronto, Canada; and Professor, Universidade Alto Vale do Rio do Peixe, Brazil

claudio.klaus@mail.utoronto.ca

linkedin.com/in/claudioklaus

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The unknowable cost of camps: implications for a more sustainable refugee response

Lucy Earle, Kate Crawford and **Margarita Garfias Royo**

The lack of transparency in where and how humanitarian WASH funding is spent on Syrian refugees in Jordan impacts the potential to plan a more sustainable, cost-efficient response and raises questions for the sector.

There is an oft-repeated anecdote among humanitarian actors in Jordan, that while camps only house 20% of Syrian refugees, they receive 80% of humanitarian funding. This discrepancy in funding and attention between camp and urban populations was the initial trigger for a research project undertaken by the International Institute for Environment and Development (IIED) posing the question: what could be achieved for sustainable infrastructure and improved basic services for all (displaced people and hosts) if camps were never built? The research team chose to focus on WASH – water, sanitation and hygiene – which is a particular concern in Jordan, one of the world's most water-scarce countries.

The project set out to compare the actual costs of WASH in Zaatari camp with estimated costs of a range of water and sanitation scenarios in a refugee-hosting neighbourhood of Mafraq City. At the start of the original project, it was thought feasible to obtain financial data on the WASH spending in Zaatari. This article documents how this information appears to be ultimately unknowable and the implications for the design of a more economically, socially and environmentally sustainable refugee response. The failure to record financial data in a transparent and comprehensive way hampers reflection and improvement in the delivery of an important service like WASH. More broadly, the tendency to record expenditure by sector, rather than location, precludes any form of cost-benefit analysis on support for different populations of refugees (e.g. camp-based compared with urban).

WASH in Zaatari camp – political tensions and costly decisions

Jordan hosts one of the largest per capita populations of refugees in the world. Since the creation of the Jordanian State, many different nationalities have sought safety within its borders. The most recent large-scale arrival has been of Syrian refugees, since the outbreak of civil war in Syria in 2012. To date, the UN has registered over 630,000 Syrian refugees; the Government of Jordan estimates the total, including unregistered refugees, as over one million.

As the number of people crossing the border began to rise exponentially in 2012, the Jordanian government, supported by the UN, built Zaatari camp. At its peak in April 2013, it had a population of approximately 200,000. Many refugees left the camp either through Jordanian 'sponsors', allowing them to settle in host communities, or leaving without formal permission. Zaatari's population stabilised in 2014 and remains approximately 80,000. The government built a second camp, Azraq (opened in 2014), that houses around 40,000 people. Roughly 20% of the Syrian refugee population in Jordan is living in camps, with the remaining 80% largely in the urban areas of Mafraq, Irbid and Amman.

UNICEF has been responsible for WASH for refugees in Jordan since 2012, when it took on this responsibility at the request of UNHCR. During the early years, UNICEF was operating in the face of stiff resistance as the Jordanian government wanted to avoid the construction of permanent infrastructure. This was because the government feared it would convey the message that Syrians would be present in the country for the medium to long term. This contributed to enormously expensive early-phase temporary interventions.

Firstly, UNICEF was dependent on contractors to put temporary facilities in place rapidly at an elevated cost. Secondly, initially, drinking water had to be provided by trucks and wastewater and sewage trucked away – an expensive solution in itself, which was exacerbated by widespread fraud on the part of trucking companies. In addition, rapid decision-making on the location proved very costly: Zaatari is sited over one of Jordan's largest aquifers and there was a danger of wastewater leaching into it.

Resistance from the Jordanian government did diminish, and planning for water and sewerage networks began in 2013. By mid-2019, both the water supply distribution system and the sewage network were running, and trucking inside the camp for water and wastewater was supposed to have been phased out. However, while all shelters in the camp are connected to the water network, a survey in 2022 showed that 30% of households said the water supply was not enough to cover all their needs. Key informants noted that water trucking was still necessary in the summer months.

Searching for financial data on WASH spending in Zaatari

Following these early challenges, UNICEF has continued to supply WASH services to Zaatari, moving from a temporary to a more permanent, networked system of provision. But at what cost? And how does this compare to the cost of WASH provision in an urban area? The research team deployed multiple and intensive efforts to answer these questions.

Between 2021 and 2024, researchers made repeated requests for interviews with UNICEF staff in national, regional and international offices. Only one staff member agreed to be interviewed. He was not, however, permitted to furnish the research team with cost data.

It became clear that the team would have to estimate these costs. They thus undertook an in-depth internet-based search to locate publicly available data on expenditure in Zaatari. They aimed to develop a timeline of WASH infrastructure in the camp, identify cost drivers and estimate costs of WASH infrastructure investments, operations and maintenance. These searches were complemented by semi-structured interviews with key informants working for NGOs and other agencies involved in WASH response.

Finally, the research team made enquiries with representatives of the Jordanian government about the flow of international funding to Zaatari. From 2015 onwards, the Jordanian government, with the UN, has regularly issued Jordan Response Plans that reflect 'resilience' needs (i.e. the country as a whole) as well as 'refugee needs' (in both camps and host communities). They include costs for WASH but do not include expenditure and do not always disaggregate between the two camps. The Jordanian government was not able to provide disaggregated data on funding flows or expenditure.

The online document review raises doubts as to whether UNICEF itself has access to reliable expenditure data with which to judge the efficiency of its response. Note the following from the independent evaluation[1] commissioned by UNICEF of the first five years of its WASH response in Jordan and undertaken by International Solutions Group (ISG):

"Neither UNICEF Jordan nor the WASH programme track expenditures for management purposes. The evaluation team could not obtain documentation that demonstrated expenditure by year, activity, programme component, or beneficiary group. Also, the programme does not track its indirect costs or general and administrative expense rates related to the programme, making it difficult to know the resources required to manage and execute the programme or to compare that to other similar programmes."

The evaluators estimate the WASH programme's budget to have been approximately USD 355m from 2013 to 2017. They conclude that 63% of the total spend over the period was on camps, as compared with refugees living elsewhere in the country. The evaluation could not provide disaggregated data on the cost of WASH provision in Zaatari alone.

A second evaluation[2] covering the period 2018-2022, carried out by IQVIA, contains very little on expenditure. It states that the overall budget for the Jordan WASH programme for the period was USD 139m, but no further breakdown is given. The report provides a table showing yearly planned versus funded amounts for the four years of the programme, but inexplicably, neither the total planned nor the total spent is equal to USD 139m.

Finally, the research team turned to the International Aid Transparency Initiative (IATI) Portal.[3] IATI provides a common standard for publishing information related to aid programmes and hosts an online portal to hold the data.

There was no data on IATI for the years 2011-2014, although UNICEF took over the provision of WASH in Jordan in 2012. There are some figures for 2015-2020. The totals recorded under UNICEF's projects were far lower than the overall costs estimated for the response by ISG (in the first evaluation report). Many line items (totalling USD 5.7m), could not be tagged by type, and those with a total value of USD 60m had no data on location. Almost no spending on sanitation was recorded or identifiable. Finally, UNICEF data itemised trivial amounts spent on ring binders and posters for donor visits but contained no breakdowns for large construction tenders or framework agreements. This suggests that it is possible to keep records, but that they are either not kept or are not shared with IATI.

There are a number of reasons why data on expenditure may not have been kept in the early phases of the response, including the massive scale of the Syrian crisis, the large number of donors and implementing organisations involved, rapid turnover of staff and the lack of institutional incentives outlined by ISG above. It is also possible that institutional embarrassment at the elevated costs of the WASH response has prevented the publication of existing cost data.

Why does the lack of data on WASH spending matter?

At a programming level, a lack of transparency around the costs of the camp precludes a discussion about the efficiency of the technical WASH solutions put in place or the long-term implications of decision-making in the emergency phase. Lessons from Zaatari for WASH specialists and programme managers may not have been learnt. But there are also national and global implications.

Within Jordan, without a full understanding of the historic and current costs of Zaatari, it is not possible to perform a cost-benefit analysis of refugee hosting in camps, as compared with urban areas. This would be an important exercise for all sectors but is particularly critical for WASH given that the population increase since 2012 and climate change have exacerbated Jordan's chronic water scarcity. Investment in WASH in Jordan's cities, where many households only receive water once a week, could reduce huge water losses from ageing systems, and relieve pressures on women and girls who are responsible for water management: filling water tanks, doing laundry on 'water day' and collecting and storing grey water for reuse

This is a study of one camp and one sector, but the lack of transparency and the failure to record location data for humanitarian spending are not unique either to Jordan or to the WASH sector. Even basic data on the populations of refugees in camps globally is considered unreliable. This makes it very difficult to compare the cost per capita of hosting refugees in camps to hosting refugees in urban areas.

Globally, as pressures on humanitarian aid mount, greater transparency on spending would provide evidence to the international system to make informed decisions and recommendations on the most cost-effective response to protracted displacement crises. In addition, a gradual shift away from refugee hosting in camps, which are hugely resource-intensive and environmentally unsustainable, towards a more development-oriented response could bring much-needed financing to refugee-hosting towns and cities in the Global South, benefitting long-term residents and displaced people alike. This has the potential to open up alternative funding and/or insurance mechanisms, relieving pressure on humanitarian budgets and providing more sustainable interventions for refugees in situations of protracted displacement.

Lucy Earle
Director, Human Settlements Groups
IIED, UK
lucy.earle@iied.org
X: @lucyurbanearle

Kate Crawford
Technical Director
KLH Sustainability, UK

Margarita Garfias Royo
Lecturer in Infrastructure and Development, The Bartlett School of Sustainable Construction, University College London, UK
m.garfias@ucl.ac.uk
linkedin.com/in/margaritagarfias/

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Making the 'new normal' of humanitarian funding work for displaced communities

Ciaran Donnelly and **Reva Dhingra**

The humanitarian sector is facing an unprecedented funding gap, and organisations are making hard choices in prioritising which populations to reach. This article outlines four principles for effective humanitarian boundary-setting.

An IRC solar panel and water infrastructure project run by IRC in central Somalia, 2022. Credit: IRC

In 2023, the humanitarian system faced its biggest funding gap in history. Spurred by new violence in Ukraine, Sudan and Gaza along with numerous protracted crises, the 2023 Global Humanitarian Overview (GHO) put forward a record-high global appeal of USD 56.7 billion. Yet by January 2024, only 40% was funded – leaving a USD 33.6 billion shortfall. In the end, fewer people were reached in 2023 compared to 2022 – 128 million versus 157 million – and all signs point to shortfalls continuing as traditional donors either fail to increase funding in pace with needs or cut assistance.

The funding gap has prompted a scramble to reboot. In their Global Humanitarian Overview 2024[1] the UN's Office for Coordination of Humanitarian Affairs (OCHA) reduced the overall funding request compared to 2023 and reduced the number of people in need it aimed to reach, by over 63 million.

This reduction reflects an increased emphasis by OCHA and within country humanitarian response plans on 'boundary-setting' and 'prioritisation' over the past two years. Boundary-setting involves determining what sectors, activities and geographic areas are included within a response based on needs assessments, as well as an evaluation of the capacity of individual organisations, broader response capacity and operational constraints. Prioritisation can include targeting responses based on the most critical and life-saving needs, focusing on specific geographic areas, or context-specific factors such as a focus on programming aimed at building or strengthening service delivery systems.

Although challenging and sometimes controversial, boundary-setting and prioritisation are intrinsically important for the humanitarian sector to effectively meet the needs of the world's most vulnerable people. Donors are not responding commensurately to years of increasing humanitarian need and rising appeals. The humanitarian sector also faces a reckoning over whether it is not just broke, but broken. Translating this reckoning into concrete reform is long overdue.

Yet, there is a risk this process will leave millions of people in need behind and undermine progress on longer-term resilience approaches, particularly for IDPs and refugees in protracted crises and marginalised groups. Boundary-setting and prioritisation alone will not solve the massive gap between needs and donor funding. Donors must respond to increases in forced displacement caused by a collective political failure to prevent new conflicts and resolve long-running crises. In the current 'new normal' of funding, however, a collective, intentional approach by the humanitarian sector is necessary to ensure that scarce resources reach as many people in need as possible.

Impacts of boundary-setting and prioritisation

The increased focus on boundary-setting and prioritisation has manifested differently across country responses. In many cases, it has meant narrower geographic targeting and overall cuts to the number of people who receive humanitarian assistance. According to an analysis by Humanitarian Funding Forecast,[2] in 2023 the Global Humanitarian Overview (GHO) aimed to reach 68% of those in need, while the 2024 GHO aims to reach 60%.

It has also meant a renewed focus in the GHO and country response plans on emergency assistance while advocating for complementary development efforts. The 2024 Somalia humanitarian response plan[3] removed resilience, non-emergency livelihoods and durable solutions for internally displaced persons (IDPs) from prioritised programming, emphasising that these programmes need to be coordinated through non-humanitarian mechanisms. The 2024 Syria regional refugee response plan[4] focuses on providing only for the most critically in need with cash assistance and food interventions, and emphasises strengthening national systems to provide for displaced people.

This process is, in many ways, simply a reflection of the status quo. Syrian refugees have faced progressive cuts to basic assistance as a result of declining aid – the 2023 response was only 31% funded. Ensuring that scarce funding reaches those most in need is essential, and prioritisation has taken place alongside efforts to enhance vulnerability assessments. Yet when nine in ten Syrian refugees in Lebanon live in extreme poverty and face intensifying protection threats and exclusion from national services, the impact is that some of those critically in need have access to life-saving assistance while others do not.

During a recent visit to Somalia, we heard how geographical prioritisation has meant that more stable areas have been deprioritised as part of the humanitarian response. But development donors have yet to fill the vacuum, meaning that hard-won gains in areas hosting thousands of IDPs and recovering from drought may be reversed.

To ensure that boundary-setting and prioritisation translate into a more efficient, effective and inclusive global humanitarian response for displaced communities, we emphasise four key principles: cost-effectiveness and efficiency, ensuring inclusion of the most vulnerable, local ownership over responses and deliberate partnerships with development actors.

Principle 1: Cost-effectiveness and efficiency

Cost-effectiveness and efficiency must be central to humanitarian responses. This requires the best allocation of resources to achieve the maximum impact in addressing humanitarian needs for as many people in fragile and conflict-affected settings as possible. It involves improving individual organisational operations as well as changing the way programmes are designed and funded at a sector level, in collaboration with donors, governments and local civil society.

As part of the prioritisation and boundary-setting process, actors must look at how to collaborate to ensure that the costs of similar interventions do not vary widely and engage in sharing learning around efficiency and effectiveness. The International Rescue Committee (IRC) has developed an innovative costing tool, called Dioptra, and joined with other INGOs to use it. This tool allows us to analyse programme intervention costs relative to their outputs and achievements.

We must also integrate evidence of cost-effectiveness into programming decisions. The sector's expansion of cash assistance as a cost-effective, impactful and empowering modality where markets are functioning is a key example of this evidence-based approach. However, much more work needs to be done to ensure that we are making the best use of resources.

Finally, the cost gains of scale must be taken into account. A 2015 IRC Cost Efficiency Analysis[5] indicated that the biggest factor driving cost efficiency was the scale at which programmes were implemented – enabling fixed costs of interventions to be spread over a wider pool of clients. Reducing the number of clients without reducing the costs per client, and potentially losing the gains of scale, is ultimately counterproductive to the goal of developing more effective humanitarian responses.

Principle 2: Ensuring inclusion of the most vulnerable

Humanitarian actors must ensure that the voices of affected populations and the needs of marginalised groups are central at both the needs assessment and prioritisation stages of humanitarian responses. Prioritisation must also pay attention to how conflict and displacement unequally impact marginalised groups, including refugees living with disabilities, gender-based violence (GBV) survivors and displaced populations in hard-to-reach areas.

Prioritising cost-effectiveness and efficiency involves using resources to maximise impact for affected populations, not simply a utilitarian approach to programming. Providing mental health programming for displaced GBV survivors arriving at a remote transit camp can be more expensive than delivering cash assistance, but it still needs to be prioritised. Without effective inclusion of the most marginalised, humanitarian responses risk exacerbating inequalities rather than mitigating them.

IDP and refugee voices are also consistently excluded from planning and policymaking in humanitarian responses. The recent Independent Review on the Humanitarian Response to Internal Displacement[6] recommended forming IDP representative bodies in large-scale internal displacement responses as a possible way to ensure their perspectives are included in priority setting and planning.

Principle 3: Local ownership over responses

The third key principle should be enhancing local ownership of responses through funding and partnerships with local organisations and governments. Despite an ongoing push for localisation within the sector, as of 2022, only USD 485 million –1.2% of humanitarian assistance – went directly to local and national actors, with inconsistent data on the amount reaching local organisations through partnerships.[7] The picture for refugee-led organisations is even worse – only USD 26.4 million was allocated to them across both humanitarian and development funding in 2022.[8] The sector can and must do better in following through on commitments to localisation. Donors such as the Conrad N. Hilton Foundation offer a roadmap. They currently provide 46% of all funding for refugee-led organisations globally.

Government partnerships are also central to ensuring sustainability and achieving scale. In some conflict-affected contexts where the government itself may be targeting displaced populations or is not present in affected areas, this approach may be impossible. However, in many contexts, potential municipal or national government partners do exist, and should not be supplanted in service delivery.

An example is the IRC's Ahlan Simsim programme[9] which aimed to integrate Early Childhood Development (ECD) into national services for the education, health, and protection of refugee, IDP and host communities in Iraq, Jordan, Lebanon and Syria. In Iraq, the programme partnered with the Ministry of Education to integrate ECD materials into the national curriculum, and fully transferred ownership to the Ministry. In Syria, where government partnerships were not possible, IRC helped convene local civil society organisation partners in an ECD civil society network, ensuring local ownership which is essential for sustainable impact.

Principle 4: Partnerships with development actors

The final principle is partnerships with development actors. Humanitarian boundary-setting is not about building a fence and ignoring everything outside it. It explicitly relies on complementary development assistance to help communities move from the shock of conflict and displacement to longer-term recovery. Yet conflict-affected countries are less likely to receive development financing, leaving humanitarian resources stretched in attempting to cover basic service delivery.

While multilateral agencies, such as the World Bank, are expanding much-needed programmes in conflict settings, operational constraints can lead to project delays and suspensions. Risk thresholds and access concerns often prevent agencies from reaching regions outside of government control, leaving displaced and host communities without vital development support. Humanitarian and refugee response coordination mechanisms are also often siloed from development coordination, creating additional barriers to long-term recovery for communities.

To make sure that complementary development responses translate into better outcomes for displaced populations, humanitarians must proactively coordinate and partner with development actors outside of humanitarian response plans. Partnerships can range from humanitarian consultations to ensure refugee and IDP-inclusive, context-sensitive delivery of a government-implemented infrastructure project, to full project implementation for IDPs in conflict-affected areas outside of government control. For example, IRC served as an advisor to the European Bank for Reconstruction and Development to ensure that Syrian refugees' needs and perspectives were included in a wastewater project in Irbid, Jordan.[10]

Looking forward

As the number of displaced people globally exceeds 120 million, the humanitarian sector must use this moment as a catalyst for change. Even with boundary-setting and prioritisation of humanitarian responses, there will be a large gap between these heavily narrowed needs and the available financing. Additional assistance from donors is crucial for displaced communities to survive and recover.

Yet it is also incumbent upon us to make the current funding reality work for displaced populations. Ensuring the most cost-effective and efficient use of scarce aid and including the voices of affected populations and the most vulnerable are essential to boundary-setting and prioritisation. International actors must work within our own organisations, across agencies, with local actors and with donor governments to ensure that our programmes uphold these goals. The sector must also follow through on commitments to local ownership and build deliberate partnerships with the development sector to ensure that long-term recovery plans reflect refugee and IDP needs. NGO networks and joint donor-aid implementer forums such as the Grand Bargain and the Inter-Agency Standing Committee offer avenues to coordinate these efforts – though progress has been slow. What is clear is that the status quo is unsustainable for the populations we work with – now is the moment for change.

Ciaran Donnelly

Senior Vice President, Crisis Response, Recovery, and Development (CRRD), International Rescue Committee

Ciaran.donnelly@rescue.org

X: @donnciar

Reva Dhingra

Policy and Planning Advisor, CRRD, International Rescue Committee

reva.dhingra@rescue.org

linkedin.com/in/reva-dhingra-75513636/

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Leveraging results-based financing to squeeze the most out of every dollar

Sebastián Chaskel, Gabriela Vargas, Mateo Zárate, Ana María Pérez and **Nicolás Hernández**

Evidence from Colombia shows that results-based financing is an underused tool for forced displacement response; it can be used to overcome challenges around policy implementation and maximise programme impact and cost efficiency.

Implementation of the programme Voy a ser mamá. Credit: Fundación Santo Domingo

In the past decade, roughly 7.7 million Venezuelans have been forced to flee their country and over 2.8 million have migrated to Colombia.[1] Instiglio, a non-profit organisation specialised in supporting the public sector to use results-based approaches, has worked alongside governments, donors and social service providers to implement results-based financing for programmes supporting Venezuelans in Colombia.

Migrants (including refugees)[2] can benefit the communities that host them, if integrated properly. Latin America and the Caribbean broadly stand out for granting formal migration status and making services available to displaced Venezuelans. Nevertheless, millions of forced migrants lack formal migration status, and, as a result, cannot access formal employment and some government services. Many more have formal migration status but face other barriers to their socio-economic integration. Even when policymakers enact integration policies, implementation difficulties hinder these policies from achieving results. Using results-based financing, which involves rewarding organisations if and when agreed-upon results are achieved, is catalysing the impact that programmes have on migrants and host communities, and helping to address common pitfalls in implementing integration policies.

Implementing policies that capitalise on the benefits of migration

Migration brings benefits and costs for migrants themselves, their countries of origin and the host countries. These benefits and costs depend on factors such as the skills and personal qualities of the individual migrant, the circumstances in which they arrive in the host country and the country's policies in relation to migration. To minimise the costs and reap the benefits of migration, migrants must be able to integrate into the destination country. Migrants' costs to the healthcare system, for example, are smaller if they can access preventative healthcare. Their contributions are more significant if they have formal employment, use the education, skills and experience they have acquired, and pay taxes. This requires allowing migrants to have documentation, move around the country, acquire formal jobs, have their educational and professional qualifications recognised, and access education and healthcare.

Many countries in Latin America and the Caribbean have implemented socio-economic integration policies to reap the benefits of migration. Chile, Colombia, Costa Rica and Peru have been among the region's leaders in creating successful integration programmes for migrants. These policies include simplifying registration processes, expediting legal status, recognising migrants' skills and qualifications when trained abroad, and offering culturally sensitive public services. However, introducing integration policies is only half the battle, as there can be many challenges in implementation.

Barriers to implementing policies aimed at socio-economic integration

Difficulties targeting, tracking and following up

Government databases often do not properly reflect migration flows and characteristics. This is especially true for populations with irregular status, for whom governments may not have any data at all. Cities in many countries are allocated funding based on their population size and, due to migrants being under-counted, may receive a lower budget than needed to provide services. Programmes meant to improve outcomes for migrants may not be properly targeted due to a lack of information on where migrants are based or who they are. Once programmes start, governments face challenges following up on this more mobile population.

Difficulties designing effective integration policies

Governments may be unfamiliar with the specific needs of the migrant population or may simply not know how to serve a population that is different from the one they have historically worked with. Governments may need to give service providers the flexibility to achieve results without being prescriptive. They may also want to replicate models of intervention that have been proven to work for other migrant populations.

Successful small-scale interventions do not always scale up effectively

When interventions work at a small scale, governments usually then move to scale them up, but often find that the same programme at scale does not have the same successful results as it did in a pilot phase. The larger population group may have different characteristics, or it may be harder to maintain the right level of targeting and programme quality at scale.

Introducing results-based financing

Imagine a project that aims to bridge the language gap between migrants and host communities. Traditional government procurement would pay a service provider for completing training sessions and delivering learning materials, or worse, simply for submitting receipts. A performance-based contract, in contrast, would condition at least a part of the payments to improvements in language proficiency. This gives the provider the flexibility to invest in what is making the greatest impact and stop spending on activities that do not add value. Providing flexibility, in combination with incentives, creates an environment for impact.

Colombia has become a leader among middle and low-income countries in using results-based financing. The country started by implementing social impact bonds (a results-based instrument that combines public and private funding) to achieve job placement outcomes. It then scaled this experience up to results-based contracts (through which the government hires providers, without involving investors, and ties some of the funding to results) that span multiple millions of dollars and thousands of beneficiaries.

There are national and sub-national entities using results-based procurement in sectors as diverse as early childhood development, addressing homelessness and healthcare. It is therefore no surprise that Colombia has turned to results-based financing to fund and achieve socio-economic integration outcomes for Venezuelan migrants.

Improved data and performance management

Paying for results requires an environment with clear and reliable data on both the target population and on the impact of the programme, as payments depend on this. Furthermore, its success depends on implementing entities having enough performance data to understand midway whether the programme is working and being able to course-correct. This often means that programmes need to ramp up their data collection and performance management capacity at the outset. Engaging in results-based arrangements leaves implementing organisations with data and performance management systems which often outlive the programme's lifespan.

In Barranquilla, USAID's Local Health System Sustainability Project, known in Colombia as Comunidades Saludables (Healthy Communities), partnered with Fundación Santo Domingo (The Santo Domingo Foundation), Universidad Simón Bolivar (Simón Bolivar University), the Barranquilla Mayor's Office and Mi Red Barranquilla (My Network Baranquilla) – the public-private healthcare service provider of Barranquilla – to develop a results-based project called Voy a ser mamá (I'm going to be a Mum). The project aims to achieve improved maternal health results for Venezuelan migrants who, due to their irregular migration status, are ineligible to participate in the national health insurance system. Through this project, launched in 2023, Fundación Santo Domingo signed a contract with the Universidad Simón Bolívar, which in turn signed a results-based contract with Mi Red Barranquilla to deliver pre-natal services to migrant women. Mi Red Barranquilla's payment varies depending on metrics such as the number of pre-natal check-ups per patient or the timely identification and treatment of mothers affected by syphilis and HIV. Now that the systems are set up, Mi Red Barranquilla and the Mayor's Office will continue to collect more information on maternal health indicators of migrant women than they did previously – an important legacy of this project.

Identifying optimal integration policies and programmes

Crafting and implementing integration policies is challenging in part due to governments' and implementers' lack of experience with migrants and integration programmes in general, as well as a lack of evidence of what works for this population. Results-based financing creates an environment of flexibility and incentives to achieve impact, which fosters data-driven innovation.

In Barranquilla, the health service provider knows how to achieve high adherence to pre-natal appointments among Colombian patients. However, it does not know how to increase that adherence rate among Venezuelan patients, who frequently relocate and change phone numbers, and who may distrust or not understand the health system. Providers have hypotheses on what may work – for example, follow-ups on WhatsApp, reaching out through community-based organisations, or improving coordination with the health systems of nearby municipalities. The results-based contract allows them to test these hypotheses in the quest for better results.

Similarly, in Medellín, the city government[3] has been supporting households in a situation of homelessness to generate a sustainable income. In the past five years, the proportion of participants who are Venezuelan has risen to 70%. During this time, the city has noticed the programme's declining results but is unsure of the cause or how to best serve migrants. We supported the city in developing a performance-based contract for the provider to create an environment of data-driven innovation to identify an improved strategy. A portion of the provider's payment will only be paid based on improvements in indicators such as whether families are earning enough to pay rent by the programme's end. In a situation in which it is not clear which intervention works best, giving a provider flexibility combined with incentives opens room to experiment within established parameters.

Scaling up successful interventions

When programmes work well, governments, donors and implementers work to scale them up to reach a broader population. In doing so, they often find it challenging to maintain the same impact at scale as in smaller pilot phases. Aligning incentives through results-based financing can help ensure programmes are scaled up with fidelity to the original model and also allow for flexibility around the edges of the programme design.

Semillas de Apego (Seeds of Attachment), a programme of the Universidad de Los Andes (University of the Andes), supports parents who have lived through trauma to avoid the intergenerational transmission of trauma to their children. The first version of this programme was started in 2015 with internally displaced people within Colombia. An impact evaluation[4] of the programme at a medium scale found positive results in maternal mental health, child-parent relationships and early childhood mental health. Now, the University is scaling up the programme to benefit Venezuelan migrants and their families. However, as the programme is being scaled up from 450 to 6,000 families, fidelity to the programme may be jeopardised: scaling the programme with new implementing partners may result in higher staff turnover and lower participant retention rates than during the pilot stages. An arrangement in which implementers get paid in part based on keeping turnover rates low and retention rates high helps maintain fidelity to the model during the scale-up phase.

When and how to use results-based financing

Results-based financing can be effective in tackling a specific set of challenges, but it is not a universal solution. Policymakers facing political constraints that limit their choice of interventions may find little relief in results-based financing. On the other hand, when barriers are implementation-related results-based financing can offer a relatively straightforward way to improve results. While this approach requires certain minimum capabilities, such as the ability to collect relevant data, it can also serve as an incentive for stakeholders to develop these capacities.

Once the decision to use results-based financing is made, several design choices will determine the success of the initiative. Some of the choices will be deciding what proportion of funding should be tied to results, selecting the appropriate performance indicators and setting ambitious yet achievable targets for each indicator. Crafting a results-based financing instrument that aligns with the maturity of the intervention, the capacity of the service providers to implement the programme and manage risk, and the level of control these providers have over the outcomes is crucial for ensuring that the initiative succeeds at addressing the challenges at hand.

Recommendations

The world faces mounting pressure to manage migration, minimise the costs and reap the benefits, and to do so with limited funding. Host countries are at the centre of this, as they decide who enters their territory, and what rights and benefits are given to those that arrive. Unfortunately, there is little evidence of what interventions work best to integrate migrants, and, even when policymakers select and fund the best policies, implementing them is never straightforward.

The way in which governments typically contract services – by paying providers for inputs, or even more concerningly, reimbursing them based on receipts that reflect budgeted expenditures – falls drastically short of what is needed to improve results. When it comes to improving outcomes for migrants and host communities, where the needs are immense and the funding is scarce, policymakers must urgently find ways to improve the impact of every dollar spent.

In many instances, results-based financing may achieve improved cost-effectiveness. As demonstrated in Colombia, this approach can foster an environment conducive to innovation, enhance data and performance management practices, and incentivise the scaling of proven interventions with fidelity to their models. As policymakers evaluate which strategies to pursue for better results, leveraging results-based financing can significantly improve the implementation of integration policies and programmes, ultimately benefiting both migrants and host communities.

Sebastian Chaskel
Associate Partner, Instiglio, Colombia
sebastian.chaskel@instiglio.org

Gabriela Vargas
Associate, Instiglio, Colombia
gabriela.vargas@instiglio.org

Mateo Zárate
MPA Candidate at the School of International and Public Affairs, Columbia University, US
mateo.zarate@columbia.edu

Ana María Pérez
MPA Candidate at the School of Public and International Affairs, Princeton University, US
ap1647@princeton.edu

Nicolás Hernández Muñoz
Associate, Instiglio, Colombia
nicolas.hernandez@instiglio.org

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1. *See IOM (2024) 'Venezuelan Migrants Drive USD 529.1M Boost to Colombia's Economy' bit.ly/venezuelan-boost-colombias-economy*
2. *In this article, we use the term 'migrant' to refer broadly to refugees (people who have been granted international protection) as well as 'distressed migrants' (people who have moved to another country under distressed circumstances, but who do not have refugee status). This nomenclature is borrowed from the World Bank's World Development Report 2023: Migrants, Refugees, and Society. bit.ly/migrants-refugees-society*
3. *bit.ly/programas-sociales-especiales*
4. *bit.ly/evidence-colombia*

The impact of international sanctions on humanitarian aid in Syria

Abdullah Ali Abbou

International sanctions placed on a conflict-affected State limit the ability of aid agencies to support civilians. In Syria, sanctions have had a profound impact on funding for humanitarian aid for forcibly displaced people.

International sanctions have become a key tool used by the United Nations Security Council, and occasionally by single States, to achieve various goals. The Security Council may impose sanctions to uphold international peace and security, and combat terrorism. States may impose sanctions to hold governments, individuals and entities accountable in countries grappling with armed conflicts and severe violations of international humanitarian and human rights law.

Crucially, any system of international sanctions, whether enacted by a State or the Security Council, must adhere to the principles of protecting civilian populations and vulnerable groups from the ravages of armed conflict. Equally importantly, these sanctions should not impede operations to fund humanitarian aid for forcibly displaced people.

The situation in Syria, where UNHCR estimates that 6.8 million people[1] are internally displaced, serves as a case study on the profound impact of sanctions on funding for humanitarian aid. This case study demonstrates that sanctions imposed to protect the rights of the civilian population may have the opposite effect by hindering the ability of humanitarian agencies to deliver. Indeed, humanitarian organisations face numerous obstacles in funding aid and field operations to assist internally displaced persons in Syria.

Sanctions imposed on Syria since 2011

The United States, the United Kingdom, the European Union and other countries have all imposed sanctions on the Syrian government, government officials and related entities in response to war crimes and human rights violations committed since 2011. The stated purpose of these sanctions is to stop the Syrian government from using violence against its people and to push for necessary political reforms.

Both the US and the EU applied targeted sanctions, including asset freezes and entry bans, to Syrian individuals and entities involved in human rights violations against civilians. In 2011, the EU banned the trade of goods with Syria that could be used to oppress the civilian population and imposed an embargo on the Syrian oil sector.[2] This embargo has significantly affected the Syrian economy because oil exports to the EU accounted for about 20% of Syria's GDP before the civil war.

The US also placed an embargo on the Syrian oil sector in 2011. Moreover, the US prohibited the export of goods and services from US territories or businesses or by individuals from the US to Syria. This particular measure has had a significant impact on the Syrian population as it led to an increase in the prices of essential goods and medical products.

Canada, Australia, and Switzerland imposed economic and financial sanctions on Syria in 2011 and 2012.

In 2012, the EU enforced further sanctions on Syria's energy, arms supplies, mining and financial sectors. In addition, the EU prohibited trade in luxury goods and certain commercial products with Syria. At the same time, the EU strengthened restrictions imposed on Syria in the areas of armaments, law enforcement and telecommunications monitoring.[3]

In 2012, the US introduced a special law called the Syria Human Rights Accountability Act to address human rights violations in Syria. This law imposes penalties on the transfer of goods or technologies to Syria that could be used to commit human rights violations.

Finally, in 2019, the US implemented the Caesar Syria Civilian Protection Act, which imposed stricter sanctions on Syria, making it more difficult to fund humanitarian work in the region. Article 302 of the Caesar Act allows for humanitarian exemptions. Specifically, the article grants the Syrian president the power to waive sanctions for NGOs that provide humanitarian assistance in Syria. However, this has created several issues. Firstly, banks, insurers, logistics companies and aid suppliers often reject dealings with humanitarian NGOs, fearing that doing so may breach US or international sanctions and lead to their own sanctions.[4] A second consequence of the act is financial institutions cutting ties with humanitarian actors and other organisations working in Syria through a process known as 'de-risking'.[5]

The impact of international sanctions on humanitarian aid funding

Aid workers interviewed for a report by Human Rights Watch stated that sanctions continue to hinder the ability of the humanitarian community to address the extensive needs in Syria. One major challenge is the bureaucratic hurdles, which are often confusing, time-consuming and costly. Banks, exporters and aid agencies must navigate these obstacles to comply with sanctions. While some humanitarian exceptions exist as permanent exemptions (meaning humanitarian organisations do not need approval to benefit from them), others require humanitarian organisations to apply for permission. In this complex sanctions environment, the application process often delays or obstructs rapid emergency response and adds to the cost and complexity of providing assistance.[6]

The broad and unclear nature of sanctions, along with the many legal frameworks and humanitarian exemptions, means sanctions can have a 'chilling effect'. Private parties and financial institutions often avoid engaging with Syrian individuals or entities, even in sectors not covered by sanctions. Funders are requiring aid organisations to base their activities on risk assessments rather than needs assessments, which threatens their ability to provide aid to those most in need. Furthermore, the approach of financial institutions to minimising risk has made it difficult for aid groups to transfer money, run programmes or pay local staff and suppliers, even for activities not affected by sanctions.

The Security Council's implementation of counterterrorism measures has also affected humanitarian operations in areas controlled by organised armed groups. These measures, prohibit the provision of funds, assets and economic resources, directly or indirectly, to specified terrorist groups. They consist of a series of Security Council resolutions on counterterrorism, financial sanctions imposed by Member States on designated terrorist groups and additional restrictions imposed by donor countries in their funding agreements with humanitarian organisations.

As a result, humanitarian groups, banks and businesses must adhere to measures set by various States and entities. This often leads to overcompliance for fear of unintentionally violating the restrictions. If aid organisations and their staff are found to be in violation of sanctions or counterterrorism measures, they may face fines or prosecution and they may even lose their funding.[7]

Funding challenges after the 2023 earthquakes

Humanitarian aid funding for displaced people in Syria suffered a considerable setback after the earthquakes on 6 February 2023. The earthquakes led to the deaths of over 4,000 Syrians in opposition-controlled areas in northwestern Syria and close to 400 in government-controlled areas. Vital infrastructure was destroyed, with buildings collapsing in the war-affected areas, including the governorates of Aleppo, Hama, Idlib and Latakia. Thousands of people were left homeless.

After the earthquakes, there were major challenges in sending money into Syria due to the existing sanctions. This affected humanitarian organisations trying to address emergency needs, as well as individuals outside Syria attempting to organise donation drives or send money to their affected families. One aid worker said, "We are trying to send emergency funding to our offices in Syria, but the process is slow due to the abundance of documents and paperwork required".[8]

Recommendations

International humanitarian law and other applicable legislation during armed conflict emphasises the importance of providing humanitarian aid to conflict victims, including internally displaced people. Such legislation underlines that access to humanitarian aid is a guaranteed right for all people in emergency situations that deprive them of the basic necessities of life. Their right to receive humanitarian assistance must be assured.

International sanctions imposed on individuals and government entities have a significant effect on countries in the grip of armed conflicts. In Syria, the sanctions imposed by many individual States have severely hampered the ability to fund and deliver humanitarian aid to the millions of displaced people. The already challenging humanitarian funding situation is exacerbated by the international sanctions imposed on individuals and non-governmental entities in Syria under the umbrella of combating terrorism.

Two recommendations can be made to galvanise the funding of humanitarian aid for forcibly displaced people. First, international sanctions should not be imposed excessively without considering the impact on displaced people in countries experiencing armed conflicts. This is especially significant in the case of Syria, where prolonged armed conflict, coupled with a devastating earthquake, has compounded the population's suffering. Second, the international mechanism for delivering humanitarian aid in Syria should include ongoing exemptions for grants and funding for humanitarian organisations provided by donor countries. This is critical because international sanctions often make States hesitant to fund aid programmes due to the fear of being penalised by individual States and the Security Council.

Abdullah Ali Abbou

Professor of Public International Law, University of Duhok, Iraq

abdullah.abbou@uod.ac

1. *bit.ly/syrian-arab-republic*
2. *HFW (2011) 'Syria Sanctions: EU Follows US Ban on Oil Imports, and Expands List of Designated Persons'*
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4. *The full text of the Caesar Syria Civilian Protection Act of 2019 (in Arabic) bit.ly/syria-civil-protection-act*
5. *The Washington Institute for Near East Policy (2023) 'How the Caesar Act Restricts Normalisation with Syria' bit.ly/caesar-act*
6. *Human Rights Watch (2023) 'Questions and Answers: How Sanctions Affect the Humanitarian Response in Syria' bit.ly/sanctions-humanitarian-response-syria*
7. *The sanctions imposed by the Security Council against individuals and non-state entities are referred to as 'smart' or directed/targeted sanctions. The Security Council has issued numerous resolutions regarding the prosecution of terrorist groups and associated individuals and entities, imposing three kinds of sanctions: asset freeze, travel ban and arms embargo. These sanctions have been applied to the terrorist organisation Islamic State (ISIS) and its affiliated groups in other countries, especially Syria and Iraq, under Security Council Resolution 2170 of 2014. For more, see Dr. Abdullah Ali Abbou's paper (in Arabic), 'Security Council Sanctions against Individuals and Non-State Entities', published in the Al-Rafidain Journal of Law, College of Law, University of Mosul, Volume 15, Issue 55, 2012, pp. 187–235 www.iasj.net/iasj/article/71139*
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UN refugee agencies: vulnerable funding structures and a looming legitimacy crisis

Frowin Rausis, Maud Bachelet and **Philipp Lutz**

UN refugee agencies depend heavily on the funding of just a few Western States. While reforming the funding system may help to fulfil the agencies' mandate and maintain autonomy, preserving their legitimacy is crucial.

In January 2024, the United States and other key donor States temporarily suspended funding for UNRWA (The United Nations Relief and Works Agency for Palestine Refugees) after the media reported on the potential involvement of some employees in the Hamas terrorist attack on Israel. Confronted with the potential loss of USD 440 million in funding, about one-third of the agency's annual budget, UNRWA saw its already fragile economic foundation and its ability to provide vital services for the forcibly displaced people in Gaza endangered.

While most UNRWA donor States have since reversed their decision, its main donor, the United States, decided to withhold funding until at least March 2025. These events have been a powerful reminder of the financial dependence of many international organisations on a few influential donor States. They also point to structural challenges in the funding of UN refugee agencies and broader political shifts that are likely to pose a growing risk to multilateralism and the financial stability of UNHCR and UNRWA.

UN refugee agencies provide an international public good by protecting the rights of refugees and sharing responsibility for that protection among its Member States. Both UNHCR and UNRWA represent the rise of the international refugee regime and the heydays of the liberal international order and international responsibility-sharing. However, they both face persisting challenges concerning their funding sources and structure.[1]

The nature of UN refugee funding

The current funding of UN refugee agencies is characterised by three main elements. First, almost all contributions to UNHCR and UNRWA are voluntary. In 2022, the UN general budget's contribution added up to less than 4% of the total budget for UNRWA and only 1% for UNHCR, while non-State actors and private donors represented 21% of UNHCR's budget and only 1.3% of UNRWA's. The remainder consists of voluntary contributions from States.

Second, contributions are often earmarked or restricted to specific regions and missions. Earmarking refers to contributions that can only be directed to a specific country, project or sector. This restriction enables contributing States to link humanitarian donations with strategic objectives, but it gives less flexibility to international organisations and increases their administrative costs. The lack of flexible funding prevents UNHCR from responding effectively to emergencies. In 2022, only 9% of governmental contributions to UNHCR were unearmarked, as opposed to 41% of private donor contributions. For UNRWA, perhaps owing to its specific regional focus, more than 60% of its governmental contributions were unearmarked in the same year.

Third, most contributions are provided on a year-to-year basis. They need to be raised by the agencies through campaigns and appeals every year, which increases administrative and organisational costs. Only 10% of UNHCR's voluntary contributions came from multi-annual pledges in 2022. UNRWA fares better in this regard, reporting in 2022 that 40% of its governmental donations were provided through multi-year agreements. Having short-term budget timeframes maximises influence for donors, but it increases the vulnerability of UN refugee agencies to sudden political changes or shifts in public perception.

Growing budgets yet continuous dependence

There has been an impressive increase in State donations to both UN refugee agencies over the past three decades. Since 1990, both refugee protection agencies have seen their donation amounts grow, gaining 737% for UNHCR and 429% for UNRWA as of 2022. While UNHCR's donor base has grown steadily, UNRWA's is much more volatile.

While the budget for UN refugee agencies has increased significantly over the past three decades, the number of donor States has only slightly increased. During the past decade, UNHCR has tended to receive funding from over 70 States. UNRWA, for its part, has received funding from around 60 States. However, both agencies rely heavily on the contributions of a handful of donors.

The top three donors for both UNHCR and UNRWA are the United States, the EU and Germany. For UNRWA, Saudi Arabia has also been a significant donor for some years. The share of the top three donor contributions as compared to the rest of the donations represents, on average, 60% for UNHCR and 55% for UNRWA. This share goes up to more than 85% for both agencies for the top ten donor States. These numbers show how concentrated the donor base of these agencies is, making them more dependent on a few States' funding decisions, which must be renewed annually.

This pattern of asymmetric funding has been stable over time. Interestingly, however, we witness instances of compensation behaviour where States have increased their donations when other donors have fallen out. Following the Trump administration's decision to stop funding UNRWA between 2018 and 2020, for example, we observed a sharp increase in contributions from other donors such as China, the Gulf States and European countries. Nonetheless, these States' contributions made up only a fraction of the usual financial contributions of the United States, and the UNRWA budget shrunk by more than one-third until 2020.

Risks of instrumentalisation and disengagement

What does the governance and structure of UN refugee funding mean for their mandate fulfilment and future prospects?

The dominance of voluntary, mostly earmarked year-to-year contributions of just a handful of wealthy Western States makes UN refugee agencies asymmetrically dependent on these States. Even though research suggests that UNHCR has maintained substantial autonomy, the data reveals the important leverage that key donor States can potentially mobilise vis-à-vis the agency. This has become more relevant due to political shifts in main donor States, such as the domestic politicisation of asylum policies, the electoral success of radical-right parties and the accommodation strategies of mainstream parties. These developments have led to a backlash against the liberal international order and multilateralism.

The election of Donald Trump in the 2016 US presidential elections was arguably the most dramatic and consequential example of disengagement with multilateral organisations and initiatives: the US contribution to UNRWA was effectively halted, the number of refugees resettled was drastically reduced, and the United States struck deals with countries in Central America to outsource protection responsibilities. In Europe, liberal States have increasingly embraced illiberal policies and sought ways to minimise their responsibility for refugee protection. These developments challenge the normative foundation of the UN refugee agencies and their mandate.

Two risks emanate from these developments: instrumentalisation of UN refugee agencies and disengagement by key donor States. The political shifts in the main donor States may lead to stronger efforts to instrumentalise UN agencies to pursue an illiberal externalisation agenda. In 2018, for example, Austria and Denmark proposed an externalisation scheme at the EU level in which UNHCR was foreseen to take responsibility for extraterritorial processing.[2] Traditionally cautious in criticising donor States, the agency took a clear position against Denmark's later attempt to externalise the Danish asylum system in 2021.[3] Yet, such opposition against externalisation plans has been toned down as they have gained traction in several European States more recently.

In addition, the EU's New Pact on Migration and Asylum, strongly opposed by asylum and human rights NGOs, has been welcomed by UNHCR as a step in the right direction.[4] The backlash against multilateralism and increasing hostility against refugees in some high-income democracies may motivate disengagement with the UN agencies. The retreat of the United States under the Trump presidency and the cutting back in refugee resettlement in various countries echo this trend.

Navigating a looming legitimacy crisis

Their dependence on main donor States forces UN refugee agencies to walk a thin line, balancing their refugee protection mandate with State interests. Facing the risk of disengagement of its largest donors, it is uncertain whether and how the agencies would manage a financial downgrade. The most influential donor States have gradually undermined the spirit of the 1951 Geneva Convention and opened the door to externalisation and deterrence. This subverts and potentially revokes the liberal foundation of the UN refugee agencies and may result in an illiberal restructuring of the agencies or their marginalisation and decline in performance.

What strategies could help mitigate these risks? So far, UNHCR and UNRWA have striven to increase their budget by broadening their donor portfolio, to include non-contributors and more non-State actors, while expanding the donations of existing donors. However, our longitudinal analysis shows that these strategies have had a limited effect. Moreover, broadening the donor portfolio and targeting non-signatory States of the 1951 Refugee Convention also holds the risk of shifting the donor base towards illiberal States.[5] Furthermore, in light of growing nationalism in key donor States, UNHCR and UNRWA cannot presume that these States will continuously increase their share – at least not without seeing it as a way to minimise their responsibility in refugee protection on their own territory.

Building a denser network of national partners like España con ACNUR (Spain with UNHCR) or Japan for UNHCR, which are NGOs that levy funds and raise awareness regarding the needs of displaced people, could be a way to decrease dependence on State donations. To date, ten recognised national partners of UNHCR raise more than half of the agencies' annual private-sector income.[6] The advantages of such partnerships are the diversification of income streams, the absence of earmarking tendencies and the potential to overcome illiberal influences exhibited by governmental partners.

More fundamentally, however, UN refugee agencies should seek ways to reform the funding system. They could advocate for more binding and multi-annual contributions. Aiming to reverse the trend of increasing earmarking of State funding, UNHCR is already showcasing States like Norway and Sweden, which are increasing the share of non-earmarked contributions.[7] Building a more stable and predictable agency with stronger performance, and limiting opportunities for domestic politicisation, is in the international community's interest. However, while these ideas are not new, there is little indication that they are influential at times when States aim to increase their control over aid. Furthermore, the fact that UNRWA has more multi-annual contributions than UNHCR, but still less financial stability, reveals that changing the funding system alone will not solve the issue.

UN refugee agencies must not only find a way to navigate the vulnerable funding structure but also a looming legitimacy crisis. Put simply, they face a dilemma between preserving money and preserving their liberal foundation. Securing the financial support of powerful donor States could imply opening themselves to an illiberal restructuring of the organisation and bears the risk of increasing instrumentalisation for the donor's agenda of refugee deterrence. Alternatively, using their autonomy to bolster the liberal norms on which the international refugee regime rests comes at the risk of dwindling funding and potential marginalisation. The agencies can neither ignore the funding needs nor the importance of their mandate of refugee protection to stay a relevant and legitimate actor. Therefore, a continuous strategy of muddling-through between these imperatives is most likely. However, in the face of a changing geopolitical landscape and growing contestation of liberal asylum policies, this balancing act tends to become increasingly difficult.

Frowin Rausis
Postdoctoral Researcher, University of Geneva, Switzerland
frowin.rausis@unige.ch
X: @FrowinRausis

Maud Bachelet
Doctoral Student, University of Geneva, Switzerland
maud.bachelet@unige.ch
linkedin.com/in/maud-bachelet-3532411b9/

Philipp Lutz
Senior Researcher, University of Geneva, Switzerland, and Assistant Professor, Vrije Universiteit Amsterdam, The Netherlands
p.lutz@vu.nl
X: @LutzPhilipp

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1. *The analysis of UN refugee funding in this contribution builds on funding statistics of the agencies between 1990 and 2022. For UNHCR, we use the Audited Financial Statements (1990-2001) and the UNHCR Global Report (2002-2022). For UNRWA, we extract information from the Report of the Commissioner-General to the UNRWA (1990-2004) and the official information provided on State contributions from the UNRWA homepage (2006-2022).*
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Lack of funding in protracted displacement: a case study on shelter in the DRC

Rémy Kalombo

In the Democratic Republic of Congo (DRC) a crisis of ongoing and protracted displacements and underfunding is forcing humanitarian actors to compromise on quality and coverage, making it harder for displaced people to rebuild their lives.

Armed conflicts, intercommunity conflicts and natural disasters continue to push millions of people in the DRC to flee their homes. According to a recent overview of humanitarian needs[1] (from the UN humanitarian agency, OCHA) more than six million people are currently displaced within the DRC.

Many people are living in makeshift shelters and informal settlements, with limited access to drinking water and no education for their children. To meet these needs, the inter-agency humanitarian response plan[2] for the DRC focuses on two main objectives: saving lives and improving living conditions for affected people. This approach aims to meet the most urgent needs, while strengthening resilience and fostering the link with development and peace-building efforts. However, this ambition is thwarted by the challenge of funding. Rather than aligning with these strategic objectives, the responses are shaped by the nature and level of available funding.

This article aims to outline the extent to which funding allocated to the shelter sector, which is by nature emergency-oriented, limits the ability of humanitarian actors to ensure access to decent, dignified housing for displaced people.

Underfunding and persistent gaps in the humanitarian response

The DRC is facing a situation of persistent crisis, with needs that continue to increase while funding does not keep up, or even decreases, year-on-year. The UN-based Financial Tracking Service[3] data shows that over the last three years, less than 60% of the funds required to cover the DRC humanitarian response plan have been received. The shelter sector is one of the least well financed with only 30% of funding received in the same period.

The multiplicity of crises around the world has reduced the capacity of the main donors to honour the principle of needs-based funding. This has increased the gap between humanitarian needs and available funding for many countries. The volume of funding is also influenced by international media coverage of the crisis, providing an incentive for action. Finally, many donors choose a strategic set of countries on which to focus their sustained interventions, and these choices are often guided by historical links, geopolitics and national interest.

Assisting an increasing number of people with limited and decreasing funding is one of the main challenges faced by humanitarian actors in the shelter sector. This challenge is made even more significant because the ongoing conflict can cause multiple displacements that lead to renewed crises and plunge people back into precarity or vulnerability, even after they have been assisted.

To cope with this challenge, humanitarian shelter actors have opted for a prioritisation approach, focusing on those people who have been displaced in the last 12 months and in areas where there are at least two other crises such as epidemics, food insecurity or malnutrition. So, an area severely affected only by internal displacement is automatically excluded from the response, even though the people there are often living in very precarious conditions.

Even after this double prioritisation, the allocated funding is still insufficient to cover the planned response. So, millions of people are still living in informal and inadequate shelters. Most of them are hosted in rural areas where infrastructure, access to basic social services and job opportunities are very limited. This makes them totally dependent on humanitarian aid, which is not sufficient to cover their basic needs.

This situation has dire consequences for the affected population's physical and mental health, sense of dignity, safety and ability to protect themselves against threats, particularly gender-based violence. The lack of adequate shelter has a direct impact on protection, dignity and access to essential services for conflict-affected people. It also has wider indirect impacts on health, community integration, livelihoods and instances of gender-based violence.[4]

Overcrowded shelters with poor air quality and thermal stress are detrimental to health and lead to an increased risk of infectious disease and child mortality. In the DRC, the areas most affected by displacement are also those most affected by epidemics such as cholera and Ebola.

Adequate shelter is essential to the process of recovery, accessing livelihoods and re-integrating into the social and economic sphere. The lack of decent shelter means not having a stable base from which to access other services including healthcare, education and safe water and sanitation facilities.

The impact of compromise

Humanitarian shelter actors are constantly challenged to find a balance between the quality of the response to be provided and the coverage rate to be achieved. Very often, the quality is compromised in favour of coverage.

The humanitarian shelter response is a process that starts with the distribution of life-saving emergency shelter kits and should lead to providing durable shelter for those affected. To meet donor requirements and deal with the funding gap, the shelter cluster has reduced the cost of the intervention package to USD 150 for an emergency shelter and USD 350 for a durable shelter. At this cost, it is impossible to meet the minimum standards required to guarantee access to adequate shelter for those in need. The concept of 'adequacy' underlines the importance of including a settlement lens, and considering cultural identity, protection, physical well-being and the availability of basic services in a shelter response.[5]

More than 80% of funding allocated to the shelter sector is used for emergency interventions, consisting mainly of light shelter kits and the construction of semi-durable shelters. The lack of funding limits the shelter response process in its initial relief phase to just saving lives. This means that the people assisted in emergency shelters (whose materials have a limited lifespan of around six months) do not benefit from any renewal, even when they stay in the camps for a long time.

Ways forward

This case study shows the impact that lack of finances for protracted displacement response can have in the context of the DRC. In this country, which has one of the highest numbers of internally displaced people in the world and one of the lowest levels of funding, humanitarian actors regularly face the challenge of balancing cost, coverage, quality and durability.

Financing will continue to be a challenge over the coming years as more and more countries are affected by crises and climate displacement. In this context, the following recommendations should be considered to improve the response:

- Enhance localisation to optimise operational costs, facilitating the transfer of skills and strengthening capacity to mobilise funding. One example of this is the ToGETHER Programme[6] which seeks to encourage localisation in the DRC.
- Strengthen the humanitarian-development nexus to leverage additional funds from development actors and the private sector. Development funding offers the opportunity to be more flexible and long-term, to cover the rest of the process up to durable housing in areas of protracted displacement that no longer receive humanitarian funding. One initiative trying to do this is UN-Habitat's programme – Controlled urban development, housing and reducing inequalities – which aims to improve access to durable housing, but more and larger-scale initiatives are needed.
- Develop an integrated approach with other sectors to improve provision and ensure that households benefiting from shelter also have easy access to water, energy and other basic facilities.
- Help people to access work so that they can be more self-reliant and able to handle the rest of their housing improvement process, reducing the pressure on the humanitarian system.

Rémy Kalombo
Monitoring and Evaluation Specialist, UNHCR
kalombor@unhcr.org
linkedin.com/in/rémykalombo/

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The benefits of enabling Rohingya refugees in Bangladesh to access banking systems

Mohammad Azizul Hoque, Tasnuva Ahmad and **Mohammed Taher**

Access to formal banking systems would enable Rohingya refugees in Bangladesh to receive remittances through legal channels. This would bring benefits for the refugees, the humanitarian response, and Bangladesh's economy and security.

A Rohingya woman in Cox's Bazar refugee camp gazes out over neighbouring shelters. Credit: Abdullah - CPJ Refugee research volunteer

The Rohingya refugee crisis in Bangladesh, marked by reduced humanitarian funding and financial access barriers, forces refugees into precarious informal financing methods. Faced with statelessness, poverty and dwindling aid, Rohingya refugees increasingly rely on remittances from the Rohingya diaspora, mainly in Malaysia, Saudi Arabia and other Middle Eastern countries. In 2020, nearly 39% of Rohingya families in Bangladesh had a relative in a third country and 21% of households had received a remittance in the previous year.[1] However, both the recipients and those sending the funds encounter obstacles in sending money through formal channels, so they are forced to resort to informal routes involving multiple intermediaries, delays and inefficiencies.

To explore the dynamics of remittances received by Rohingya refugees in Bangladesh, the Centre for Peace and Justice (CPJ) co-produced qualitative research with Rohingya refugee volunteers and tapped into CPJ's informal trust network across eight different camps in the Ukhiya and Teknaf subdistricts of Cox's Bazar.[2] CPJ's community-based researchers organised several consultations with the members of the trust network and six in-depth interviews with diverse stakeholders. They discussed the structural barriers Rohingya refugees face accessing formal financial systems, the risks and inefficiencies of using informal channels for remittances, and the impacts of the remittances on the recipients, the host country and the economy.

Current remittance practices and challenges

Currently, Rohingya refugees primarily use informal channels for financial transactions. These include bKash, a popular mobile financial service; Hundi, an oral or paper-based agreement to pay a stated amount; and Hawala, a traditional and informal money transfer system based on trust and a network of brokers. Refugees in Bangladesh are excluded from more formal money transfer services like Western Union.

Using bKash involves seeking assistance from trusted individuals such as hosts, NGO staff, or long-settled refugees who arrived in 1992 and before. According to one interviewee:

"Individuals can visit a nearby bKash agent, provide their mobile number and transaction details, and receive money instantly in their mobile wallet. Sending money to Myanmar adds an extra delivery charge of 30 to 50 Bangladeshi Taka (BDT) per BDT 1,000 (equivalent to USD 0.25 to 0.42 per USD 8.37)." Such transactions are risky, as government detection could lead to severe repercussions. Rohingya refugees face fines and harassment if found with Bkash accounts by the police. A respondent shared his experience:

"One day, I was going to another camp. The police checked my phone and they found bKash apps, where I received 20,000 Taka as remittance. The police took away both my phone and the money."

The Hawala system is a traditional and informal money transfer system based on trust and a network of brokers. As described by an interviewee from the Rohingya camp, this system operates without physical money transfer across borders, it involves a fee and relies on trust and honesty among brokers. The lack of formal oversight means that disputes rarely find fair resolution and financial fraud can occur without recourse to justice. The commission rates for transactions for Rohingya refugees in Cox's Bazar have surged, significantly increasing the cost of sending money. While reliance on familiar persons may reduce fees, unknown intermediaries often demand high commissions.

This informal economy not only limits the financial security of Rohingya refugees but also deprives the host country (of the sender and the recipient) of revenue, as these transactions bypass formal economic channels. Despite these challenges, amid cuts to humanitarian aid, remittances remain crucial for Rohingya refugees in Bangladesh who use them for their basic needs such as food, clothing and medical expenses.

Why Rohingya people are blocked from the financial system in Bangladesh

Structural barriers

Rohingya refugees in Bangladesh are classified as Forcibly Displaced Myanmar Nationals. In this classification, they are neither officially recognised as refugees nor considered eligible for any government-issued documents (such as national identity cards, birth certificates, land deeds or passports) that would permit them to access the financial system.

Ad-hoc policy and poor political will

The Bangladeshi government's policy towards the Rohingya people has been short-term and ad-hoc in nature and focuses on the repatriation of nearly one million refugees to Myanmar. Enabling access to work and to the financial system in Bangladesh does not fit within this agenda.

The temporary policy approach guides camp governance and the NGOs' regulatory framework. The Bangladeshi government does not approve NGO projects which are longer than one year. Yet, the civil war in Myanmar continues and Rohingya people, and other ethnic groups, continue fleeing their homes. It is now more than seven years since the 2017 influx of more than 740,000 Rohingya refugees arrived in Bangladesh and 30 years since some of the earlier displacements of Rohingya people.

Fear of social integration and community resistance

There is apprehension among policymakers that the financial integration of refugees might impact the local job market and economy, potentially leading to higher competition. They are concerned that allowing Rohingya people to access the financial system would also lead to their social and cultural integration in Bangladesh and that the Rohingya people will never return to Myanmar. Bangladesh's previous government (from August 2017 to August 2024) was aware of emerging resistance to public policies regarding Rohingya integration into the local community, in response they imposed movement restrictions beyond the camps and constructed a spiked fence.

Another concern, cited by some Bangladeshi media outlets,[3] is that Bangladesh is an overpopulated country and not capable of hosting an additional one million Rohingya refugees. Hence the government is reluctant to create any opportunities for the Rohingya which might encourage them to stay for good or encourage those remaining in Myanmar to migrate to Bangladesh.

Othering and anti-Rohingya narratives

Our study shows that the initially sympathetic attitudes of host communities towards Rohingya refugees have started to decline. There's a widening trust deficit between local Bangladeshis and Rohingya people, leading to further dissatisfaction and tension among government policymakers.

A CPJ study from early 2019 reflects the growth of anti-Rohingya sentiments,[4] which can be linked to emerging instability in the Bangladesh-Myanmar borderlands and an increase in crimes in refugee camps. Local Bangladeshi's emerging concerns around issues such as drug dealing and a food crisis came up in different studies.[5] Also, some label the Rohingya as foreigners who don't belong to Bangladesh. Such narratives adversely influence policy dynamics against Rohingya people and the question of their access to the financial system. Some local people see the Rohingya people as a threat ("destroying the Bangladesh economy" or "harming Bangladesh") and advocate for sending them back to Myanmar.

Security concerns

The Bangladeshi government is reluctant to open any civic services for Rohingya people, particularly financial access, due to concerns over national security, fraud and money laundering. The perception is that criminals and armed groups on the border might benefit and that this would encourage drug smuggling and illegal trade in arms and other goods, leading to an escalation in regional insecurity. This fear has intensified recently as the Arakan Army (AA) and Rohingya Solidarity Organizations (RSO) in Myanmar are engaged in civil war with the military government forces, leading to increased isolation of the borderlands. These armed groups often depend on communities at the border for supplies and arms deals.

The benefits of enabling Rohingya people to access Bangladesh's financial systems

For the Rohingya refugees

The ability to access the banking system would give Rohingya people in Bangladesh the potential for greater financial stability. It would be easier and less costly for them to receive remittances, which could reduce their total reliance on aid.

For governance

Currently, refugees rely on informal channels for money transfers which are risky, costly and may directly or indirectly support illegal activities such as cross-border smuggling, since the authorities cannot track these transactions. Legalising their financial transactions would provide better data for monitoring, which could help prevent money laundering and cross-border crimes.

For the Bangladeshi economy

Formal remittance channels would lead to a significant increase in financial inflows, which could boost the overall economy of Bangladesh. The recent shortage of US dollars in Bangladesh's national reserve system led to challenges in importing essential items such as food and fuel. The Rohingya diaspora's remittances would contribute to boosting Bangladesh's revenue.

Opening up opportunities and reducing illegal activities

Restricting Rohingya refugees' access to financial services in Bangladesh exacerbates their marginalisation and vulnerabilities. Informal systems of money transfer like Hawala, Hundi and mobile-phone-based banking platforms such as bKash are inefficient and present legal complexities. Formalising remittance access could reduce the dependency on humanitarian aid, which is insufficient and at risk of being cut further. The remittances could also enable the refugees to invest in small-scale economic activities, leading to improvements in their well-being. Having regulated remittance flows could reduce illegal activities caused by economic desperation, and bring economic and security benefits for Bangladesh as a result of increased monitoring and transparency.

Mohammad Azizul Hoque
Faculty and Advisor, Refugee Studies Unit, Centre for Peace and Justice, Brac University, Bangladesh
azizul.hoque@bracu.ac.bd
linkedin.com/in/azizul-hoque-358039b2/

Tasnuva Ahmad
Senior Research Associate, Centre for Peace and Justice, Brac University, Bangladesh
tasnuva.ahmad@bracu.ac.bd
linkedin.com/in/tasnuva-ahmad-04a78359/

Mohammed Taher
CPJ's Rohingya Refugee Research volunteer, Cox's Bazar Refugee camps, Bangladesh
muhammadtahair351935352@gmail.com

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