INVESTING IN DEVELOPMENT RESPONSES TO FORCED DISPLACEMENT IN AFRICA

September 2025

AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

UNHCR
The UN Refugee Agency

COVER - Amira Muhammed Ibrahim, a refugee from Sudan, sows sorghum at her farm in Ruweng's Ajuong Thok refugee camp. In Jamjang, refugees and host community farm alongside each other inorder to boost food security and promote resilience. Jamjang country, South Sudan © UNHCR/Samuel Otieno, June 2024.

Joint Foreword

Africa is witnessing a sharp rise in forced displacement, with the number of displaced people increasing nearly five-fold in 15 years, from just over 9 million in 2009 to over 45 million at the end of 2024. Faced with these record numbers and declining humanitarian financing, ensuring protection as well as strengthening the self-reliance and socio-economic inclusion of displaced populations and host communities is essential.

Responding to the magnitude of challenges posed by forced displacements requires coordinated, complementary efforts of development and humanitarian partners in close collaboration with governments. There is also broad consensus that the international community must accelerate sustainable responses to displacement, an approach that is central to the framework established by the Global Compact on Refugees.

Recognizing forced displacement as a pressing development challenge, multilateral development banks (MDBs) have deepened their engagement on this agenda over the past years. As part of their strategic partnership, the African Development Bank Group (AfDB) and the United Nations High Commissioner for Refugees (UNHCR), in collaboration with the MDB Coordination Platform on Economic Migration and Forced Displacement, have produced this forward-looking study on Investing in Development Responses to Forced Displacement in Africa.

The study recognizes the critical importance of prevention, with a focus on unlocking investments that contribute to addressing the complex causes of displacement, including conflicts. It further acknowledges exacerbating challenges including adverse climate impacts, poverty, inequalities, water scarcity, and food insecurity, among others that disproportionally affect displaced populations.

This joint study reflects our shared commitment to forging inclusive, development-oriented approaches to displacement. It highlights good practices, showcases the economic benefits of development strategies that include refugees and internally displaced persons, in particular women and youth.

Translating the strategic commitments into results for affected people in Africa now requires concrete steps specific to each institution and displacement context. This study outlines numerous concrete policy and investment pathways, from preventative measures, to policy and legal reforms for self-reliance and private sector engagement, to systematically integrating displacement into frameworks and investments, to continuously strengthening the evidence base.

We hope this study will serve as a catalyst for action—mobilizing political will, financial investments, strategic partnerships, and long-term development engagement to transform the lives of displaced people and the communities that host them across Africa.

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Acknowledgements

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This report would not have been possible without the sponsorship of and close collaboration between the African Development Bank's (AfDB) Transition States Coordination Office and of the Office of the United Nations High Commissioner for Refugees' (UNHCR) Division of Resilience and Solutions, under the guidance of Directors Yero Baldeh and Sajjad Malik respectively. Special thanks go to Jerome Berndt and Frederik Teufel, both AfDB, as well as Idil Lambo, Ndeye Marie Cisse, and Yonatan Araya from UNHCR, who jointly task managed, led and coordinated the development of this report. The authors also gratefully acknowledge the support of the *MDB Coordination Platform on Economic Migration and Forced Displacement*, whose engagement and insights have enriched this report.

The authors wish to thank, among many others, the following experts who contributed their insights to the development of this report through key informant interviews, feedback and suggested inputs: Bumi Camara, Riadh Ben Messaoud, Ozong Agborsangaya-Fiteu, Tapera Muzira, Josephine Ndao, Tomohito Kanaizuka, Babati Mokgethi, Eugene Bempong Nyantakyi, Balgis Osman-Elasha, Carina Sugden, El Hadj Bah, Tahlil Ibrahim Abdi, Marcel Maglo, Robert Tayimlong, Delphine Vakunta , Nikita Dennis Joseph, Susan Poni Lado, Karine Marie-Paulé M'Bengue, Roza Mamuye Bora, Safa Ben Hadj Mbarek Mkachar, Alex Saye Yeanay, Salim Babalele, Luisa Sande Lemos, Basil Jones, Ibrahim Shittu and Alban Schmid (all **AfDB**), Paul Absalon, Frederic Baele, Antoine Ellias, Khadra Elmi, Kahin Ismail, Anna Maria Leichtfried, Craig Loschmann, Pierre Valere Knetcha Nana, Jules Cabrel Nkuingoua Nana, Roua Rahrah, Ibrahima Sarr, Siddhartha Sinha, Jessica Somé, Shem Shimuyemba, Irene Sun, Valerie Svobodova, Hervé de Villeroché, Benedicte Voos, Lisa Catharina Meiser, Nada Omeira, Clara Van Praag and Kenji Yokota (all **UNHCR**), Felipe Munoz Gomez, Diana Cabanzo and Barbara Buchbinder (**Inter-American Development Bank**), Charles Che, Ola Hisou, Jade Ndiaye and Caroline Sergeant (**World Bank**), Michel Botzung, Brian Li Yuen Wei, and Renzo Morales Miraval (**International Finance Corporation**), Florian Hoepfner and Ferdila Ouattara (**UNHCR-IFC Joint Initiative**), Mahdi Frough, Hans Hoogeveen, Betsy Lippman and Karishma Silva (**Joint UNHCR-WB Joint Team on Sustainable Responses**), Alejandro Cordero and Yasmeen Shahzadeh (**European Bank for Reconstruction and Development**), Bernd Berghuber and Marko Davila (**European Investment Bank**), Ahmed Berthe, Yusuf Hamba and Abass Sheikh (**Islamic Development Bank**), Adil El Badmoussi (**AUC**), Kate Montgomery (**Acumen**), Roukaya El Houda and Paul Ouma (**Cross Boundary**), Annelotte Jens (**FMO**), Nicholas Grisewood and Héloïse Ruaudel (**ILO**), Surabhi Agarwal, Louis Hoffmann, John McCue, Robert Allen Mominee, Michele Nyamokami, Rainer Gonzalez Palau, Pallavi Rai and Siobhan Simojoki (**IOM**), Célia Cossu (**Proparco**), Gillian Sheehan and Marija Vareikaite (**UN PBSO**), Cyprien Gangnon and Johannes Tarvainen (**UNDP**), among many others.

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Abbreviations

AfDB: African Development Bank Group

ARF: Africa Resilience Forum

AUC: African Union Commission

DAC: OECD's Development Assistance Committee

DRC: Democratic Republic of the Congo

EAC: East African Community

EU: European Union

GCFF: Global Concessional Financing Facility

GIFR: Global Islamic Fund for Refugees

HDPN: Humanitarian-Development-Peace (Nexus)

IDA: World Bank's International Development Association

IDP(s): Internally Displaced Person(s)

IFC: International Finance Corporation

IGAD: Intergovernmental Authority on Development in Eastern Africa

ILO: International Labour Organisation

INCAF: International Network on Crisis and Fragility of the OECD

IOM: International Organization for Migration

ISFD: Islamic Development Bank's Islamic Solidary Fund for Development

LDCs: Least Developed Countries

MDB(s): Multilateral Development Bank(s)

NSO: context specific, Non-Sovereign (Private Sector) Operation or National Statistics/Statistical Office

ODA: Official Development Assistance

OECD: Organisation for Economic Co-operation and Development

REC: Regional Economic Community

RM: Regional Mechanism

RPRF: World Bank's Refugee Policy Reform Framework

SADC: Southern African Development Community

SDG(s): Sustainable Development Goal(s)

SME(s): Small and Medium-sized Enterprise(s)

TSF: Transition Support Facility of the African Development Bank

UN: United Nations

UNDP: United Nations Development Programme

UNHCR: United Nations High Commissioner for Refugees

UNICEF: United Nations Children's Fund

WHR: World Bank's Window for Host Communities and Refugees

Key definitions

Asylum seeker(s): People who intend to seek or are awaiting a decision on their request for international protection. In some countries, it is used as a legal term for a person who has applied for refugee status and has not yet received a final decision on their claim.

(Forcibly) displaced people: For the purpose of this report, includes all people forced to leave their homes or area of habitual residence due to conflicts or violence (if due to disasters, this will be specified), meaning Internally Displaced People (IDPs), refugees, asylum seekers and forcibly displaced stateless persons.

(Forced) displacement: The movement of persons who have been forced or obliged to flee or to leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalized violence, violations of human rights or natural or human-made disasters. Displacement can be internal (within one's own country) or cross-border. Displacement can be short-term or become protracted, which is the case for several displacement contexts on the African continent. In some cases, people find themselves displaced repeatedly, within their country of origin, or in countries where they seek protection. Women and girls are affected differently by displacement than men and the exposure to and suffering from Sexual and Gender-Based Violence (SGBV) can leave lifelong grievances and traumata, if unaddressed through psychosocial and other forms of support.

Host communities: Refers to the local, regional and national governmental, social and economic structures within which refugees or internally displaced people live. In the context of displacement camps, the host community may encompass the camp or may simply neighbour the camp but interact with the displaced people residing in the camp or otherwise be impacted by their presence.

Humanitarian assistance: Material or logistical assistance provided for the primary objective of saving lives, alleviating suffering and maintaining human dignity.

Internally displaced people (IDPs): People who have been forced or obliged to flee or to leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalized violence, violations of human rights or natural or human-made disasters, and who have not crossed an internationally recognized state border.

Migrants: People who move away from their place of usual residence, whether within a country or across an international border, temporarily or permanently, regularly or irregularly, and for a variety of reasons. Two approaches are generally adopted to define the term "migrant": the inclusivist approach, followed among others by IOM, considers the term "migrant" as an umbrella term covering all forms of movements, including both voluntary and involuntary movements; the residualist approach excludes from the term "migrant" those who flee wars or persecution, or are displaced due to other reasons outside of their control, defined in this report as "displaced people", "refugees" or "IDPs".

Multilateral Development Banks (MDBs): Supranational institutions set up by sovereign states, which are their shareholders. Their remits reflect the development finance and cooperation policies established by these states. Each MDB has its specific mandate, group of member countries, structure, strategies and financing mechanisms. They have the common task of fostering economic and social progress in developing countries by financing projects and programmes, supporting regulatory reforms conducive to inclusive and sustainable development and unlocking investments, including of the private sector.

Official Development Assistance (ODA): Government aid that promotes and specifically targets the economic development and welfare of developing countries.

Refugee: A person who "owing to well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of [their] nationality and is unable or, owing to such fear, is unwilling to avail [themselves] of the protection of that country."

Returnees: Refugees or internally displaced people who have returned to their country or area of origin to remain there permanently. However, they are not yet fully reintegrated into their community. A returnee loses their refugee status once they return.

Stateless person: A person who is not considered as a national by any state under the operation of its law, meaning he/she does not have the nationality of any country. Some people are born stateless, but others become stateless. Stateless people live in all regions of the world, and most were born in the countries in which they have lived their entire lives.

Zahra Osman Souliman, 47 y/o, Manal's mother, prepares plant-based lotions to sell in the street of the refugee camp and in the market. © UNHCR/Nicolo Filippo Rosso. April 2025

Executive Summary

Africa is the region most affected by forced displacement resulting from conflicts and violence. Large-scale and protracted crises are affecting the development of over 46 million displaced people and of their communities of origin and refuge. The number of refugees, asylum seekers and internally displaced people (IDPs) on the African continent has grown almost five-fold over the past 15 years, from 9.1 million in 2009 to 45 million in 2024.[1] Complex and multipronged pressures, including the effects of climate change, acting as aggravating factors and threat-multipliers, undermining the resilience of displaced people and of their host communities, are likely to continue driving more displacement, if unaddressed.

Humanitarian assistance alone cannot resolve the issue and calls for a transition from relief to development approaches and more sustainable responses are now broadly accepted. At a time of unprecedented funding reduction in the aid sector, the strategic use of development resources is more relevant than ever. Cuts in international aid are projected to bring the funds available for UNHCR's operations in 2025 back to the same level as a decade ago, when numbers of displaced people were half of what they are today. Moreover, only a fraction of the financial requirements for refugee programmes for 2025 were reported as funded by mid-2025.

This joint study by the United Nations High Commissioner for Refugees and the African Development Bank Group (hereafter interchangeably referred to as "AfDB" and "the Bank") presents recommendations for more sustainable investments in preventing and addressing forced displacement in Africa. It aims to inform all actors working on forced displacement in Africa, in particular Multilateral Development Banks (MDBs), the broader donor community and governments, as well as private sector investors, in their efforts to mitigate the negative consequences of displacement and to convert its financial burden into opportunities for inclusive growth and prosperity.

The African context presents characteristics which should be considered to guide informed investments and partnerships. One of them is the prevalence of internal displacement, with nearly three quarters of all displaced people in Africa remaining within the borders of their own countries. Displacement in the region can also be characterised by patterns of pendular movements or mixed migration flows, where multiple drivers including insecurity, poverty, disasters and the effects of climate change come into play. Other factors of vulnerability can affect forcibly displaced people, including statelessness and particular needs and risks for displaced children and women. Another particularity is the geographic isolation of displaced populations. About 83 per cent of African refugees and 40 per cent of IDPs live in rural areas- designated by host governments with regulations limiting their movements, where they have limited access to support, services and livelihood opportunities. They also find themselves disproportionately in formal or informal settlements, which can result in disconnection from host communities and economies, limiting their ability to become self-reliant.

Government leadership is essential to ensure the inclusion of displaced people and the sustainability of responses and solutions to displacement. African governments have demonstrated exemplary engagement to assist people displaced by conflicts and violence within their borders and beyond, and the region offers some of the most inclusive policy and legal environment for refugees globally. Yet most affected countries in Africa lack the resources to fully implement these policies. Low- and lower-middle income countries host 99.6 per cent of all people displaced in Africa, with Sudan, the Democratic Republic of the Congo, Somalia and Ethiopia alone accounting for 66.8 per cent of the total. As local populations struggle to secure a decent living, access to education, energy, water, sanitation and hygiene (WASH) and healthcare, extending support to displaced newcomers can be challenging and politically sensitive. The commitment and leadership of African governments in managing displacement crises combined with the solidarity and support of African host communities are indispensable aspects of solutions, but must be accompanied by sustained financial support from the international community in order to succeed.

While the past decade has seen a clear shift towards development approaches to forced displacement at the global level, in practice, progress has been slow. Humanitarian funding still represents the majority of all funds available to support refugees in Africa, and most of the financing on record goes to emergency operations. Only 25 per cent is channeled through national actors in host countries.

MDBs have an instrumental role to play in preventing and responding to displacement. In Africa, the African Development Bank Group has demonstrated its engagement on and commitment to this issue from strategic engagement at the highest levels to dedicated funding mechanisms. The Bank's Ten-Year Strategy (2024-2033) and its Strategy for Addressing Fragility and Building Resilience in Africa (2022-2026) both explicitly outline how the Bank seeks to address root causes of fragility, conflicts and displacements. AfDB also created a Donor Contributions Window [Pillar IV] within its Transition Support Facility (TSF) as an avenue for voluntary contributions of partners to co-fund and scale bank operations, including those that are investing in displaced people and their hosting communities. Strategic partnerships across the Humanitarian-Development-Peace Nexus and the use of its fragility lens application ensure targeted responses cater for the needs of refugees, IDPs and their host communities. For example, the Bank invested USD 1.3 billion over the past few years in projects that benefitted forcibly displaced and hosting communities. Another example is the cumulated Bank-UNHCR joint portfolio amounting to about USD 50 million between 2018 and 2025. The World Bank and the Islamic Development Bank also dedicated billions of US dollars to respond to displacement situations on the African continent, alongside several other bilateral and multilateral actors. Lessons learnt from these initiatives point to a substantial opportunity to scale coverage and deepen impact through stronger coordination, purposeful partnerships, and joint programming.

This report presents a series of key recommendations to be considered by MDBs and other actors looking to deploy development investments that can help prevent and sustainably respond to forced displacement in Africa:

- **Investing in prevention and solutions:** With displacement on the African continent at an all-time high, pre-emptively tackling the root causes of displacement, including poverty, inequalities, instability and the effects of climate change offer the most cost-effective approach to address the displacement challenge and needs to be prioritized by all actors. Yet between 2020 and 2023, only 6 per cent of all ODA recorded for refugee situations in Sub-Saharan Africa was allocated to peacebuilding, and less than 2 per cent to disaster prevention and preparedness. MDBs and development actors are well placed to invest in socioeconomic development in areas from where displaced people originate and, in doing so, reduce the risk of forced displacement arising from contexts of poverty, inequalities and instability. In addition, they are also increasingly investing in disaster risk reduction and climate change mitigation and adaptation measures. The African Peace and Security Architecture (APSA), including the African Union's Peace and Security Council, and African Governance Architecture (AGA), including the African Commission on Human and People's Rights, have core roles to play in addressing the structural causes of forced displacement, advancing protection of rights, conflict prevention, security and "Silencing the Guns". Together with the United Nations and other

Humanitarian-Development-Peace Nexus partners, there is an urgent need to avert further increases in forced displacement figures over the years to come and to significantly reduce forced displacement on the African continent. With two million returnees accounted for across the region, supporting solutions for conflict-sensitive, sustainable reintegration is another entry point for development approaches to forced displacement.

- **Enhancing inclusion and self-reliance through policy reforms:** There is a business case for refugees, IDPs and hosting communities as agents and engines of socio-economic growth. Encouraging and enabling self-reliance of displaced populations is more crucial than ever to cope with the ongoing reduction of aid. This requires freedom of movement, right to work and human security, sustained investments in infrastructure and human capital as well as the carefully planned shift from encampment to out-of-camp policies where circumstances allow. MDBs and development actors are well positioned to support governments in their efforts to offer more inclusive environments for displaced people, through national or regional policy dialogues, technical and financial support or incentives for reform and related investments. The World Bank's Refugee Policy Review Framework (RPRF) is one example that can be used, adapted and complemented by other MDBs and development actors.

- **Embedding displacement in national & regional engagement frameworks:** National and local ownership remain critical for solutions to succeed. However, at the national level, the integration of displacement considerations in development plans and budgets remains rare, in Africa and beyond. Anchored in institutional strategies and policies, MDBs can encourage the integration of displacement into broader policy and development processes through country diagnostics and national engagement frameworks, such as Country Strategy Papers, Country Partnership Frameworks, Country Engagement Frameworks and regional frameworks, such as Regional Integration Strategy Papers. While these frameworks reflect each country's and region's priorities as identified by the governments, MDBs can support greater inclusion of displacement considerations by strengthening the evidence base, including by demonstrating the value added in terms of fiscal savings and contribution to growth for the broader society and economy when displaced populations and hosting communities are economically empowered. This can further guide policy reforms and impactful investments. MDBs can also encourage governments to consider including refugees and IDPs in broader initiatives through advocacy, specific technical assistance or additional incentives. This will also require sustained investments in strengthening institutional capacities at regional, national and local levels to transition towards use of country systems whilst ensuring fiduciary and other safeguards are upheld, maximizing transparency, accountability, cost efficiencies and results.

- **Mainstreaming displacement in priority sector investments**: While displacement-specific financing instruments have helped raise resources for and awareness of the issue, and should continue to do so, scaling development investments requires tapping into broader funding pools, such as MDBs priority sector investments. MDBs can encourage the mainstreaming of displacement in priority sector investments in highly affected countries where such investments can have a significant impact on displaced and host populations. Investments in agropastoral livelihood opportunities, in particular, have great potential in many displacement contexts in Africa and align with MDBs' priorities. Area-based approaches are also appropriate in many situations, benefiting both displaced and host populations, fostering integration while reducing the risk of social tensions.

- **Investing in host economies and catalysing the private sector:** Successful inclusion also requires the existence or development of an economy in host areas that can sustain the needs of both displaced and host communities. Here too, development actors and MDBs can play an instrumental role in promoting economic growth and private sector engagement in fragile contexts, given their experience and instrument flexibility to work with both public and private borrowers. The African Development Bank Group has established a dedicated approach for promoting private sector engagement in fragile settings, including policy reform and incentive-based lending, financial product innovations, infrastructure investments and the deployment of blended finance, market intelligence and technical assistance to reduce risk barriers and fill information gaps. Challenge funds represent another mechanism for creating incentives and offsetting early-stage risk.

- **Ensuring support throughout the displacement paths:** Forced displacement dynamics in Africa make it particularly relevant to provide displaced people with whole-of-route approaches that can accompany across the displacement path. African States have demonstrated their commitment to engage in regional solutions to forced displacement through several legal and policy frameworks and related investments. These can serve as a legal and strategic foundation to mobilise more resources for regional approaches to displacement, while reinforcing African leadership, fostering burden-sharing, and aligning international finance with regionally defined priorities, including through Regional Economic Communities (RECs) and Regional Mechanisms (RMs). MDBs have traditionally extended loans and grants to individual countries but over the past years have increasingly been expanding regional investments such as via the World Bank's former Regional Window and the African Development Bank's Regional Operations envelope and the Transition Support Facility (TSF) to address regional spillovers.[2]

- **Strengthening the evidence base to guide more impactful investments:** Development actors and MDBs need specific information to guide their investments and monitor their impact. Existing data identifies displaced people's needs for support, not their economic potential in terms of professional skills, experiences, assets, capital, livelihoods or consumer behaviours. Recent initiatives, such as the World Bank-UNHCR's Joint Data Centre on Forced Displacement, have improved the availability of socioeconomic data on displaced people but major knowledge gaps remain. MDBs have an important role to play in generating better evidence and supporting Member States in their own efforts. Measuring the fiscal impacts of displacement and related investments on affected economies, and studies on the longer-term return on investments in areas of origin and refuge would also be helpful to guide financing decisions. Ensuring a better, more systematic and comprehensive monitoring of investments in addressing forced displacement would also be a significant step towards expanding operational partnerships, achieving greater visibility of both, investments and remaining gaps to secure more durable impacts.

- **Encouraging innovative financing mechanisms**: There is a use-case for blended finance structures, guarantees and risk-sharing facilities, equity and quasi-equity investments, thematic bonds, performance-based and results-based financing, structured public-private partnerships (PPPs), diaspora and philanthropic capital flows in forced displacement contexts. However, seizing their full potential requires dedicated attention, sustained institutional commitments to their targeted development and tailored implementation, adapted structures, practices and partnerships. UNHCR's innovative financing team is developing solutions to use innovative financing within existing programming constraints. Better alignment with development efforts can ensure such innovations are not only incubated but also scaled and integrated into national investment frameworks.

- **Strengthening coordination amongst MDBs, development actors and other stakeholders:** While diverging mandates, specific funding cycles and institutional silos can create challenges for multi-stakeholder coordination, MDBs are strategically positioned to connect fragmented initiatives and create the conditions for long-term, scalable investment in displacement contexts. By aligning different capital flows within coherent, government-led investment frameworks, involving the private sector and other key stakeholders, MDBs can not only increase the volume of financing but also improve its sustainability, additionality, and long-term development impact. Building on existing mechanisms, such as the MDB Coordination Platform on Economic Migration and Forced Displacement, expanding multi-donor in-country platforms and utilization of catalytic financing vehicles, such as the African Development Bank's TSF Pillar IV, can help in this regard and need to be central pillars in engagement strategies and programming over the coming years. Moving towards more harmonized practices, application processes, reporting mechanisms and indicators amongst MDBs and other stakeholders, but also greater knowledge and information sharing and more intentional complementarity and related references in programming documents in forced displacement contexts, hold great potential.

Each displacement situation comes with a distinct combination of drivers, challenges and potential, and investments must be tailored accordingly. But the current displacement context in Africa can be characterised by four broad overlapping issues: rising levels of displacement within and across borders, a severe reduction in financial resources to address it, persistent obstacles limiting the efficiency of current approaches, and marked vulnerabilities for displaced populations often facing overlapping risk factors. Each of these issues can be addressed through different actions, with a central role for MDBs. For instance, investing in areas of origin to help reduce displacement levels both by preventing new displacements and by supporting sustainable returns; encouraging legal reforms and incentivising additional investments in displacement contexts to help reduce aid dependency and address the financing gap; building the capacity of governments and other partners to increase their impact in displacement settings through better evidence, capacity, flexible programming, investments in gender equality, empowering youth and improved coordination; and ensuring that their own instruments and approaches offer a comprehensive range of options to support displaced people in various contexts, among others.

At the strategic level, many MDBs have already committed to shifting their practices in this sense. Translating these commitments into results for affected people and governments in Africa now requires concrete steps specific to each institution and displacement context. These recommendations and examples of instruments which are already being used or could be adapted should serve a basis for discussions to be taken up by MDBs internally and with their partners in the development of tailored roadmaps and action plans for more impactful investments in forced displacement contexts on the African continent.

Primary school children in class in Nakivale. Uganda. © Australia for UNHCR/Hugh Rutherford. 28 August, 2025

Introduction

Africa is the region most affected by forced displacement resulting from conflicts and violence globally, with large-scale and protracted displacement crises impacting the socioeconomic development of over 46 million people.[3] That humanitarian assistance alone cannot resolve the challenge of displacement is now broadly recognized and underpins calls for a shift towards development approaches and more sustainable responses. At a time of unprecedented funding cuts in the aid sector, the strategic use of development resources is more relevant than ever.

The intersection between displacement and development is multifaceted. On the one hand, there is evidence that low levels of socioeconomic development can present a fertile ground for displacement, by eroding the coping capacity of both individuals and communities to sustain shocks. Poverty can play a role in fuelling conflicts and violence, eventually triggering displacement as a result. On the other hand, displacement can, in turn, hinder or reverse development gains and jeopardize Africa's progress towards Agenda 2063 and its plans for an inclusive and sustainable future (see examples in Figure 1).[4] Displaced people tend to experience lower levels of employment, income and educational achievements, as well as live in sub-standard housing conditions, compared to non-displaced people and to their situation prior to displacement.[5] In certain cases, host communities and communities of origin can also suffer. These negative impacts must be addressed as quickly as possible, and humanitarian assistance is essential in this regard.

However, displacement crises also require approaches that go beyond emergency assistance to encompass preventative measures, investments in the socioeconomic development of displaced people and of their communities of origin and refuge and more sustainable responses that can pave the way for durable solutions. While displacement is rightly considered as a challenge for affected communities and the authorities that govern and protect them, it can also offer an opportunity for development – provided the right conditions are in place.[6] The arrival of displaced people can lead to increased demand and consumption, and to the availability of an additional work force that can generate economic activity, contribute innovations and has the potential to attract new investors. In Turkana County in Kenya, the presence of the Kakuma refugee camp has been linked with a significant increase in the economic activity of the surrounding areas.[7] In Nigeria, State Action Plans are enabling camp-to-community transitions through co-financed investments in housing, services, and livelihoods, with over 4,000 IDPs in Adamawa and Borno States already supported via integrated, locally led solutions.[8] In Tanzania, the arrival of refugees from Burundi and Rwanda in the 1990's led to a positive effect on hosts who owned agricultural businesses and benefitted from the increased supply of agricultural labour.[9]

FIGURE 1: LINKAGES BETWEEN FORCED DISPLACEMENT AND THE AGENDA 2063 GOALS[10]

These positive effects can be accompanied by downsides that need to be addressed, such as increased competition, depressed wages for low-skilled jobs, or rising rental and commodity prices. By mitigating the negative consequences of displacement and capitalizing on the opportunities it can bring, governments can contribute to the development of both displaced and host communities.

This joint study by the United Nations High Commissioner for Refugees (UNHCR) and the African Development Bank Group (AfDB) presents actionable options for more sustainable investments in preventing and addressing forced displacement in Africa. It builds on an analysis of existing literature and datasets and on over 60 interviews with development and humanitarian organizations, Multilateral Development Banks (MDBs), private actors and others working on displacement in Africa. By highlighting examples of successful initiatives that have addressed the issues presented above in a coordinated and comprehensive way and ensured the inclusion of displaced persons in host economies, this report demonstrates that combining humanitarian and development approaches is not only possible but also achieves greater effectiveness and efficiency. This report also offers an analysis of recurring challenges in implementing such approaches and proposes key recommendations to address them. It aims to inform all actors working on forced displacement in Africa, particularly MDBs, the broader donor community and governments in their efforts to mitigate the negative consequences of displacement and seize opportunities for inclusive growth and prosperity.

Aristote, 22, from Mbujimayi, DRC, is a third-year student of Electrical and Electronics Engineering at the University of Johannesburg, on a DAFI scholarship. ©UNHCR/Antoine Tardy. July 2024

Flooding threatens livelihoods of the internally displaced (IDP) in Mangalla, South Sudan. © UNHCR/Reason Moses Runyanga, 24 July 2025.

Specificities of forced displacement contexts in Africa

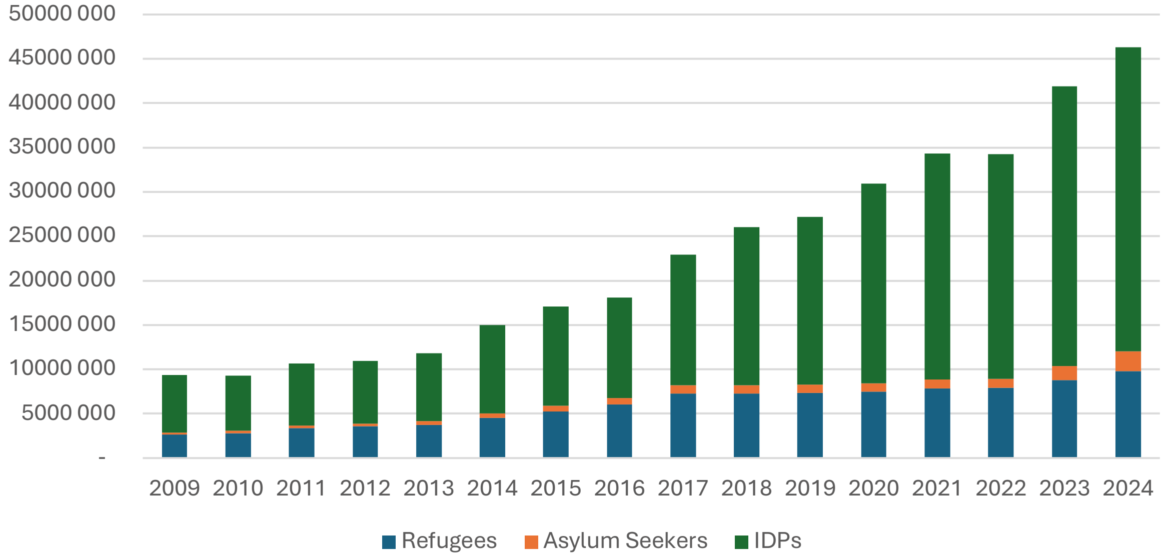
In 2024, Africa accounted for half of all people internally displaced by conflicts and violence worldwide and one third of the world's refugees.[11] Several African countries have faced decades-long displacement crises and are confronted with overlapping challenges of limited socioeconomic development, instability, disasters and climate change. While each situation comes with particularities and African countries offer varying conditions for displaced people, this chapter presents certain aspects of forced displacement contexts in Africa which should be considered to guide informed investments.

While this study focuses on conflict- and violence-driven displacement, it is important to acknowledge other drivers of displacement, including disasters and the effects of climate change. Other dedicated analyses explore these dimensions in greater depth and can be used as complement to this report.

Displacement patterns (internal, cross-border, pendular, mixed)

The number of people forced to leave their homes in Africa because of conflicts or violence (refugees, asylum seekers and IDPs) has steadily increased over the past 15 years, growing almost five-fold from 9.3 million in 2009 to 46.3 million in 2024 (Figure 2).[12]

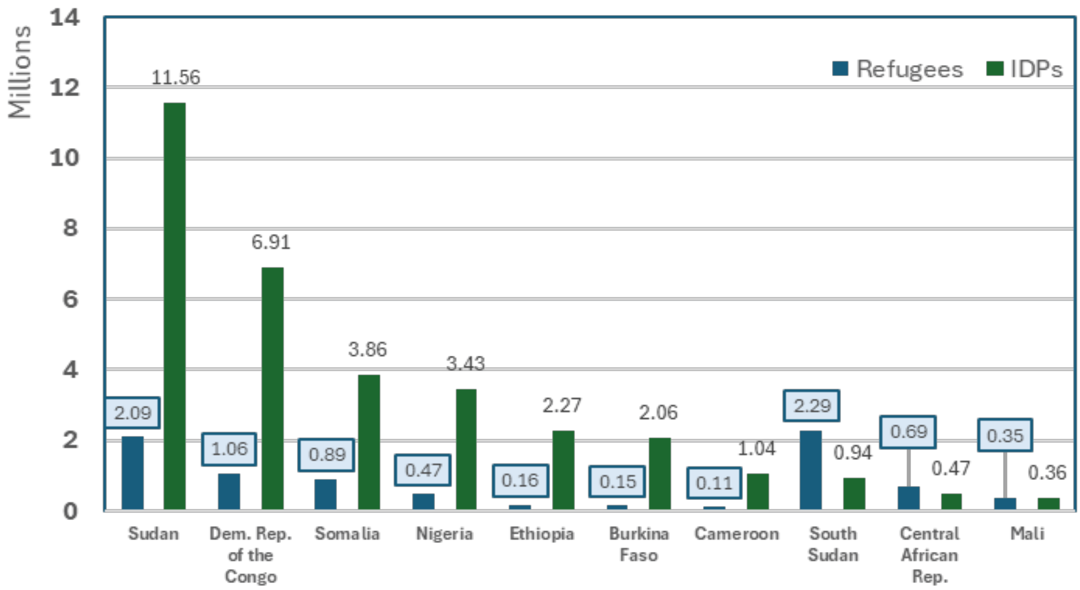
FIGURE 2: NUMBER OF REFUGEES, ASYLUM SEEKERS AND IDPS FROM ALL AFRICAN COUNTRIES BY YEAR (DATA FROM UNHCR'S REFUGEE DATA FINDER)



Forced displacement across Africa is not uniform, but rather driven by complex, overlapping factors that vary by sub-region, country and often local context.[13] In West and Central Africa, violent extremism, political instability, and intercommunal conflict remain the primary causes, particularly in the Sahel and Lake Chad Basin. In Eastern and Southern Africa, conflict (e.g. in Sudan, Somalia, and some regions of Ethiopia and Mozambique) is the dominant driver, often compounded by severe climate shocks such as drought and flooding. Meanwhile, North Africa faces a mix of drivers, including protracted conflict (notably in Libya and spillovers from Sudan), human rights abuses along migration routes, and rising climate-related displacement. These regional dynamics underscore the need for tailored development responses to forced displacement.

Nearly three quarters of the 46 million displaced people in Africa are internally displaced, while 12 million have sought refuge in another country within Africa, often in countries playing dual roles as both sources and hosts of displaced populations.[14] Figure 3 shows the countries most affected by forced displacement in Africa, encompassing both cross-border and internal displacement flows.[15]

FIGURE 3: NUMBER OF FORCIBLY DISPLACED PEOPLE BY CATEGORY FOR THE 10 COUNTRIES IN AFRICA WITH THE LARGEST POPULATIONS OF CONCERN TO UNHCR IN 2024 (DATA FROM UNHCR'S GLOBAL TRENDS REPORT 2024 DATASET)



In certain contexts, displacement is characterized by dynamic population movements across borders, as illustrated in the Lake Chad Basin, the Sahel or the Horn of Africa. Displaced people sometimes cross international borders repeatedly in what is called a pattern of pendular displacement.[16] This is the case in the Mandera triangle between Ethiopia, Kenya and Somalia where communities face overlapping challenges of droughts, floods, conflicts and insecurity, and move within the three countries in search for safety and livelihoods.[17] In such cases, they may not be recorded by authorities or aid providers on either side of the border, nor entitled to support or able to access it.

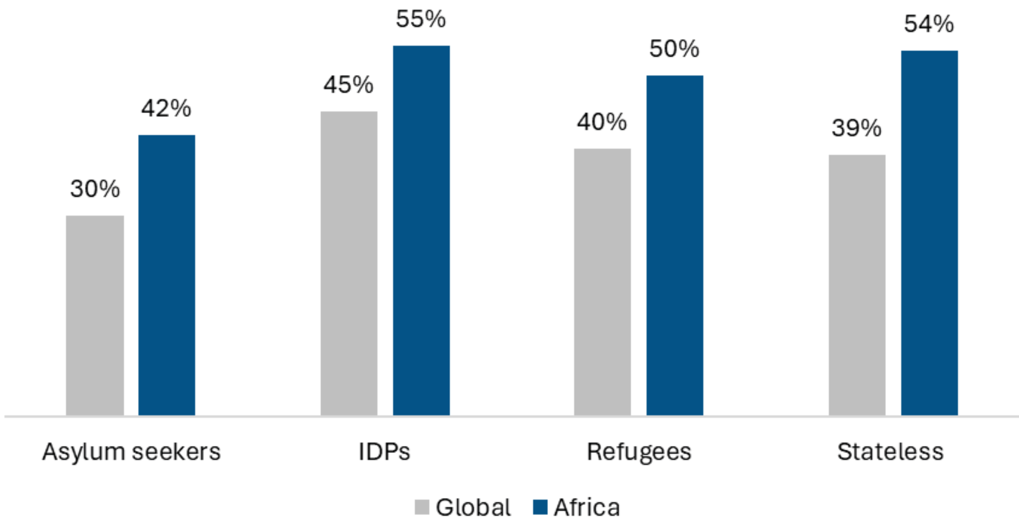
Overlapping vulnerabilities

Displacement in itself comes with risks and challenges, but these may be heightened by pre-existing vulnerabilities. In addition to conflicts and violence, many displaced populations in Africa are confronted with the effects of climate change and recurring disasters.[18] In 2024, 45 countries out of 54 in the region recorded a total of 7.7 million internal displacements resulting from disasters, most of them due to floods, storms and droughts.[19] These overlapping risks often intensify existing vulnerabilities, particularly in displacement settings where infrastructure is weak, services are overstretched, and coping capacities are limited. Displaced people frequently settle in at-risk areas (such as flood-prone zones, arid lands, or informal settlements) where land is available but exposure to hazards is high.[20]

Statelessness can be an added factor of vulnerability for displaced people in Africa. At the end of 2024, nearly one million forcibly displaced persons were accounted for under UNHCR's statelessness mandate in Africa.[21] Over 930,000 lived in Côte d'Ivoire, but South Sudan, Namibia, Rwanda, Uganda and Kenya also included several thousand forcibly displaced stateless persons. Statelessness can hinder their access to the support provided to other displaced people, and limit their ability to find solutions to their displacement, including return.[22] In October 2024, a Global Alliance to End Statelessness was launched to overcome legal and systematic gaps that allow statelessness through a collaboration between UNHCR, the African Union, the Economic Community of West African States, the International Conference on the Great Lakes Region, the League of Arab States and over 140 other members from governmental and non-governmental entities.[23]

Displaced people in Africa also tend to be much younger compared to other regions of the world, with nearly 17 million forcibly displaced persons under the age of 18 at the end of 2024 (see Figure 4).[24] This comes with vulnerabilities and needs to ensure protection and development of displaced children, such as age-specific care, nutrition and education. At the same time, forcibly displaced people's young age can also be an opportunity for growth and future prosperity, provided they are able to pursue quality education and vocational trainings adapted to job markets in their host or return areas, and are accompanied in their efforts to start income-generating activities. The partnership between UNHCR and the Mastercard Foundation to enable young refugees and displaced Africans to complete their education and transition into dignified work as well as of MDBs investing in youth entrepreneurship are examples of what can be done to seize the potential of displaced youth in Africa.[25]

FIGURE 4: PERCENTAGE OF DISPLACED CHILDREN UNDER THE AGE OF 18 IN 2024 (DATA FROM UNHCR'S GLOBAL TRENDS REPORT 2024 DATASET)



Women and men, youth and the elderly are affected differently by displacement. Displaced women and girls, particularly when separated from their male relatives, face specific challenges and risks.[26] This includes heightened risks of sexual- and gender-based violence (SGBV), loss of property, assets and incomes, where applicable, as well as traumata and grievances occurred in their communities of origin or during displacement. At the same time, major gender gaps remain and persistent barriers to gender equality need to be addressed in displacement contexts, host communities and beyond. A recent UNHCR study on livelihoods and economic inclusion in the East, Horn of Africa, and Great Lakes region showed that displaced women faced additional obstacles to secure decent livelihoods compared to displaced men, such as caregiving responsibilities, gender-based limitations on access to education and other services, insecurity, as well as lack of access to information and professional networks.[27] Cognisant of this, the African Development Bank funded a Regional Program on Enhancing the Investment Climate for the Economic Empowerment of Refugees, Returnees, and Host/Return Community Women in partnership with UNHCR, the East African Community (EAC) and the Intergovernmental Authority on Development (IGAD), to spur gender-responsive investments in Burundi, Djibouti, Ethiopia, Kenya, Rwanda, Somalia, South Sudan, Sudan, and Uganda.[28]

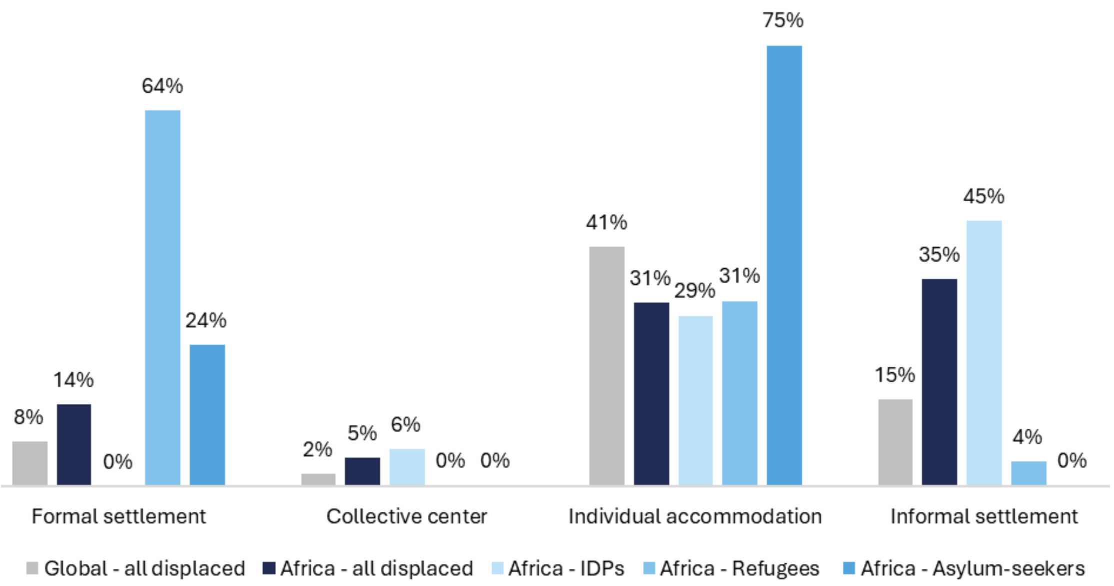
It is important to note that data on forcibly displaced populations is rarely disaggregated by sex, age and other characteristics that are relevant to identify specific needs and challenges, such as disability status or other factors of vulnerability. Improving the availability of such data is an important step towards more inclusive support and effective programmes in displacement contexts.

Urban/rural displacement and encampment

Another major particularity in the African context is the location and often geographic isolation of displaced populations. While, at the global level, only 23 per cent of all displaced people live in rural areas, twice as many do in Africa. This amounts to 83 per cent of African refugees and 40 per cent of IDPs.[29] This can impede their ability to access support, services, housing and livelihood opportunities which are often clustered in urban areas.

Displaced people in Africa not only often find themselves far from urban centres, but they are also disproportionately kept in formal or informal settlements (camps). At the end of 2024, 64 per cent of all refugees in Africa lived in formal settlements, compared to 8 per cent of all displaced people globally.[30] African IDPs are more likely to find themselves in informal settlements (45 per cent) or collective shelters (6 per cent), with only 29 per cent of them living in private individual accommodations.

FIGURE 5: PROPORTION OF DISPLACED PEOPLE (GLOBALLY AND FOR AFRICA) AND IDPS, REFUGEES AND ASYLUM-SEEKERS IN AFRICA BY TYPE OF ACCOMMODATION (DATA FROM UNHCR'S GLOBAL TRENDS REPORT 2024 DATASET)



Informal settlements, often located in the periphery of urban areas, are frequently plagued with issues resulting from the lack of planning and absence of services and basic infrastructure, such as waste and water management issues, insecurity, communicable diseases and limited access to livelihood opportunities. While formal settlements (camps) can be a temporary way to shelter displaced people in the immediate aftermath of their flight, many refugee camps in Africa have endured for years, such as Um Rakuba in Sudan established in 2020, Bidibidi in Uganda in 2016, Kakuma and the Dadaab complex in Kenya in 1992 and 1991 respectively, among others. These parallel systems are highly dependent on humanitarian funding and external assistance and reduce displaced people's ability to engage with their host communities and economies.

Livelihoods

The geographic isolation of many hosting areas, often located in rural, peripheral or border regions, results in displaced people finding themselves disconnected from commercial activities, infrastructure and livelihood opportunities, limiting their ability to become self-reliant and maintaining their dependency on aid. Distance to markets also affects productivity and increases costs such as transportation. Even in urban contexts, they are often concentrated in informal settlements or low-income neighbourhoods where economic activity, and private sector engagement are limited.

Yet many displaced people work. It is estimated that refugees in Sub-Saharan Africa earn the equivalent of 62 per cent of their subsistence needs through work, with another 20 per cent coming from the humanitarian aid they receive.[31] Displaced people in Africa are often engaged in the informal economy or in agricultural activities, and while many come from rural areas and used to live off an agricultural and pastoral background,[32] they tend to report lower levels of income compared to non-displaced populations and income levels prior to displacement, as documented for IDPs in Nigeria, Cameroon, Mali and Niger.[33] Similarly, studies have found income levels improve with return or local integration, as in Ethiopia where displaced households earned an average annual income of USD 167 during displacement, increasing to USD 310 following return.[34]

For them to generate enough income to be self-reliant and escape extreme poverty, they must be granted access to sufficient land and assets, and have the right to work and move freely to where their skills are needed.[35] IDPs, refugees and asylum-seekers can also be confronted with other challenges such as discrimination, marginalisation, lack of professional network in host areas, skills mismatch, limited knowledge of markets in host areas and the costs of starting their activity anew. These different barriers result in consistently lower income levels for displaced populations than for non-displaced populations, and the frequent deterioration of income and working conditions for displaced people compared to their conditions before displacement.[36]

Host governments' capacities

Government leadership is essential to ensure the inclusion of displaced people and the sustainability of responses and solutions to displacement. African governments have demonstrated exemplary engagement and willingness to assist people displaced by conflicts and violence within their borders and beyond, and the region offers some of the most inclusive policy and legal environment for refugees globally. At the same time, effective national commitments often remain constrained by competing national priorities, limited political will and sensitivities around social cohesion.

Despite this, the Dataset of World Refugee and Asylum Policies, which evaluates the inclusiveness of asylum and refugee policies in 193 countries, shows that Africa achieves one of the highest scores globally.[37] But more could be done: in 2022, an analysis of 18 African countries' legal frameworks showed that only 5 of them (Chad, Djibouti, Niger, Rwanda and Uganda) supported refugees' right to work without restrictions and extended labour protections to them.[38] In practice, however, even they still faced some level of discrimination or other barriers to employment, requiring dedicated actions to ensure their inclusion. Ethiopia, for instance, recently launched the Makatet roadmap to facilitate refugees' access to employment, financial services and social protection mechanisms and integrate them into national health, education, and water, sanitation and hygiene systems.[39]

Most affected countries in Africa lack the financial resources to support displaced populations alone. Low- and lower-middle income countries host 99.6 per cent of all people displaced in Africa, with Sudan, the Democratic Republic of the Congo, Somalia and Ethiopia alone accounting for 66.8 per cent of the total.[40] Many record some of the lowest levels of human development globally.[41] When local populations already struggle to secure a decent living and access education and healthcare, extending support to displaced newcomers can be both challenging and politically sensitive. African communities have consistently shown their solidarity and generosity with displaced people, but large-scale and often protracted displacement can also increase pressures on social cohesion and local labour markets in host areas, if not adequately managed and addressed.

Yet evidence shows that the inclusion of displaced people is more cost-effective and can eventually result in economic gains. For example, recent studies suggest that the presence of refugees in Kakuma, located in Turkana County in Kenya has increased Turkana's Gross Regional Product (GRP) by over 3 percent, as well as host incomes by 0.5 percent.[42] In Chad, over USD 2 million were mobilized across different partners to strengthen 20 public health facilities serving both refugees and host communities. This approach was estimated to have cost 20 per cent less compared to setting up humanitarian systems. Another benefit is that it reinforces government systems, highlights the government's role as a key part of the solution, strengthens the resilience of host communities and helps mitigate potential feelings of marginalization and exclusion.

Development actors and MDBs are well positioned to accompany host governments in the process of scaling-up their services and infrastructure to cater the needs of both local communities and displaced people. The Inclusion Support Programme for Refugee Education (known as INSPIRE), funded by the United Kingdom and co-led by the World Bank and UNHCR, provides technical assistance to understand what it takes to meaningfully include refugees in education systems, and helps governments leverage IDA financing for education inclusion. It has supported the inclusion of refugee children in schools in Burundi, Chad, Ethiopia and South Sudan.[43] The commitment and leadership of African governments in managing displacement crises is an indispensable aspect of solutions but must be accompanied by sustained financial support from the international community in order to succeed.

Mali. Newly arrived Burkinabe women and children sitting on a plastic mat lent by a member of the host community. © UNHCR/Insa Wawa Diatta, March 2024

Current approaches to forced displacement in Africa

The past decade has seen a sharp evolution in the way forced displacement is considered globally, with a shift away from humanitarian-only interventions focused on emergency responses to government-led approaches that encompass prevention and solutions to displacement, recognizing the importance of integrated and holistic whole of society approaches. In practice, however, this change has been slow, and displacement contexts in Africa still suffer from inefficiencies and lack of scaled-up investments due to short-term programming and funding, often combined with insufficient alignment and intentional complementarities and synergies across the many stakeholders involved.[44]

A decade of progress towards development approaches

Following the adoption of the *2030 Agenda for Sustainable Development* in 2015, the Humanitarian-Development-Peace Nexus (HDPN) approach gained momentum to foster cooperation and coordination and ensure complementarity and sustainability. In forced displacement settings, this should translate in consistent support from short-term humanitarian needs to long-term development and peace objectives, ensuring a continuum of assistance that promotes peaceful coexistence, self-reliance, and economic growth.

Displacement-specific frameworks such as the *Comprehensive Refugee Response Framework* launched in 2016 as part of the *New York Declaration for Refugees and Migrants*, the 2018 *Global Compact on Refugees* and the 2022 United Nations Secretary-General's *Action Agenda on Internal Displacement* have all called for a shift towards development approaches. This would see the inclusion and empowerment of displaced people not as mere beneficiaries of humanitarian assistance, but as agents and participants to their host communities and economies.

In 2024, UNHCR, through dialogues with Member States and other stakeholders, conceptualised the approach of sustainable responses to encourage the inclusion and empowerment of forcibly displaced people and guide coordinated efforts across all stakeholders. Complementing previous initiatives, sustainable responses call for a shift towards medium-term government-led interventions that promote self-reliance, community empowerment and human development through partnerships between host governments (national and sub-national), development partners, civil society, the private sector and displaced people.

Efforts towards durable solutions to internal displacement also gained momentum over the past few years, with the establishment of a High-Level Panel on Internal Displacement by the UN Secretary General and the subsequent appointment of a UN Special Adviser on Solutions to Internal Displacement in 2022. His office aimed at supporting the integration of displacement solutions into national development plans in 15 pilot countries, emphasizing locally led, costed strategies to enable return, recovery, and resilience.[45]

Despite these efforts, in practice, progress towards the adoption of development responses has been slow. Africa presents specific challenges that will have to be addressed to accelerate such efforts, including the limited capacity of host governments to contribute financially (see previous chapter) and low levels of private sector engagement to date (see below). Ensuring the participation of civil society and the inclusion of organisations representing displaced populations in decision-making processes is also a key success factor that requires dedicated attention from governments and their partners, for instance through Civil Society Engagement Action Plans such as the African Development Bank's.46

Financing landscape addressing forced displacement in Africa

At a time of record levels of forced displacement, several key donors are reducing financial contributions, downsizing or closing existing programmes supporting displaced people and leaving millions at risk of losing essential assistance. Cuts in international aid are projected to bring the funds available for UNHCR's operations in 2025 back to the same level as a decade ago, when numbers of displaced people were half of what they are today.[47] UNHCR's programmes in Africa are facing 25 to 31 per cent budget cuts, jeopardizing operations in Chad, Niger, South Sudan, and Uganda among other countries, with inter-governmental and non-governmental organizations (NGOs) working on displacement in Africa experiencing similar reductions.[48] The Refugee Funding Tracker, which collects data on funding for refugee programmes from UNHCR, OCHA and other agencies and NGOs, reported only 13 per cent of the financial requirements for 2025 to be funded as of the end of July.[49]

The acceleration of the funding crisis is adding urgency to the long-standing need to restructure and catalyse financing for forced displacement. In spite of commitments made by many of the world's largest donors through the Grand Bargain in 2016, for instance the move towards harmonized reporting requirements, un-earmarked and multi-year funding, or increased funding for local and national responders, the aid architecture has been slow to evolve.[50] While many protracted displacement crises last for years and require long-term investments, funding mechanisms largely continue to run on one-year timeframes. While emergencies require flexibility and quick action, many donors continue to offer ex-post, earmarked funding that can take months to be secured. While the need to go beyond humanitarian assistance is now widely acknowledged, humanitarian funding still represents the majority of all funds available to support refugees.[51]

In an effort to better monitor the sources of financing for forced displacement specifically, UNHCR, in partnership with OECD, developed a dedicated methodology and a Forced Displacement Financing Dashboard.[52] This analysis, which currently includes data from 2020 to 2023 (prior to the major funding cuts that accelerated in 2025), shows that about 11 per cent of all Official Development Assistance (ODA) globally targeted refugee situations, representing a total amount of about USD 170 billion for the four years assessed. Nearly two thirds of this, however, were "in-donor refugee costs", or the cost of receiving refugees and asylum seekers in donor countries.[53] About USD 55 billion went to refugee situations in low- and middle-income countries. For Sub-Saharan Africa, this represented around USD 9 billion in total from 2020 to 2023. Over one quarter came from the World Bank (IDA), followed by the United States, UNHCR and the European Union. About 25 per cent of these funds were channelled through recipient governments, most going through multilateral organisations. World Bank funds nearly all went to public institutions in recipient governments, a notable exception as all other sources of financing included in the exercise channelled only about one per cent of their resources through national actors. Humanitarian interventions represented around 58 per cent of all funds recorded for Sub-Saharan Africa, and development interventions about 36 per cent.[54]

Data from this Forced Displacement Financing Dashboard shows the potential of monitoring investments in forced displacement contexts to help assess their impact and inform future interventions. The exercise currently only includes refugee situations but should be expanded to also encompass investments made to support IDPs, returnees and hosts and to provide more granular and harmonized information.

MDBs' engagement on forced displacement in Africa

Development actors, including bilateral donors and MDBs, have strengthened their engagement on forced displacement in the past few years. At the 2019 Global Refugee Forum, the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Islamic Development Bank and the World Bank Group acknowledged the need to scale up development financing for programs and projects that benefit displaced and host communities.[55] At the 2023 Global Refugee Forum, the MDB Coordination Platform on Economic Migration and Forced Displacement made another commitment to continue this work.[56] MDBs have also strengthened their strategic and operational partnerships on this agenda, including for example with Regional Economic Communities (RECs) such as IGAD, EAC and SADC, with Regional Mechanisms such as the Lake Chad Basin Commission (LCBC), with the UN, especially UNHCR, IOM, UNDP, WFP and others, international organizations such as the International Committee of the Red Cross (ICRC), and increasingly with the private sector and civil society organizations (CSOs) engaged in preventing and addressing forced displacement.

Moreover, MDBs have closely engaged with the Office of the Special Adviser on Solutions to Internal Displacement to advance the Action Agenda on Internal Displacement, including through the Development Finance Coordination Group, and remain closely engaged with the Global Hub for Solutions to Internal Displacement, Solutions Champions Group of the UN, partners of the Hamburg Sustainability Conference's Call to Action on Internal Displacement and continue to explore synergies and complementarities with financial mechanisms such as the Internal Displacement Solutions Fund (IDSF), among others.

MDBs are strategically positioned to support affected governments in addressing forced displacement in a more sustainable way. Regional MDBs, in particular, can foster policy dialogues at the national and regional levels, working with regional inter-governmental bodies, encouraging knowledge exchange, coordination and the dissemination of good practices across affected and donor countries. The African Development Bank promotes the integration of displacement considerations across both lending operations and non-lending (knowledge, analytics and policy dialogues) and the systematic application of a fragility and resilience lens across all its instruments and programming (see Box 1).

Box 1. The African Development Bank's engagement on forced displacement

The African Development Bank has been actively engaged in preventing and addressing forced displacement in Africa. The Bank, through its various operational and policy dialogue interventions, works with Regional Member Countries and partners to support policies and financing targeted at addressing the root causes of displacements. Its Strategy for Addressing Fragility and Building Resilience in Africa (2022-2026) seeks to mitigate the drivers and consequences of insecurity, including forced displacement.57 The 2022-2026 strategy builds on earlier Bank frameworks and explicitly outlines how the Bank will work with partners to foster resilience in displacement contexts.[58]

In its Ten-Year Strategy (2024-2033), the African Development Bank Group reaffirmed its ambition to strengthen partnerships to promote long-term solutions to displacement, including through prevention, case-by-case response to crisis situations and other measures to support resilient solutions, including for refugees, IDPs, returnees and host communities.59 It has been collaborating with key entities on forced displacement, including the Office of the UN Special Adviser on Solutions to Internal Displacement, UNDP, IOM and UNHCR. These collaborative efforts include preparation of joint knowledge products, capacity-building initiatives, funding and country and regional-level operations. For example, over the past few years, more than 50 Bank funded projects exceeding USD 1.3 billion total also benefitted forcibly displaced and hosting communities. Another example is the Bank-UNHCR joint portfolio amounting to about USD 50 million between 2018 and 2025.

UNHCR and the African Development Bank are co-chairing the Central African Republic Solutions Support Platform (CAR-SSP)'s Core Group, which brings together diverse actors to support investments in the reintegration, livelihoods, basic services, and resilience of displaced populations and host communities. AfDB and UNHCR also invested in a Joint Learning Series to enhance institutional capacities for integrating forced displacement with a focus on resilience building in AfDB operations.

The African Development Bank's Transition Support Facility (TSF) provides supplemental resources to low-income countries affected by fragility and conflict, including support for the prevention of displacement in areas of origin. The TSF provides support through a Supplemental Financing Window (Pillar I), an Arrears Clearance Window (Pillar II), a Targeted Support Window for technical assistance and capacity building (Pillar III) as well as a newly created Donor Contributions Window (Pillar IV). The facility has been very useful in enabling support to countries hosting refugees and IDPs.

Prior to 2023, the Bank's financing for refugees, IDPs and host communities through the TSF was only possible to countries with situations of fragility, which as of 2022, was limited to 22 low-income African countries. This meant that major refugee-hosting countries (including Uganda, Kenya, Ethiopia) were not eligible for financing from the TSF. Hence, in 2023, the Bank adopted a Programmatic Approach in the TSF. This enhancement included the distinction between prevention and crisis response financing, with the former being the Bank's main approach to tackling fragility in the continent. The programmatic approach also allowed the Bank to target pockets of fragility at sub-national levels and to respond to growing fragility and displacement challenges involving multiple countries.

The newly created Prevention and Crises Response Envelopes and the flexibility of the TSF have proven to be extremely useful, leading to projects with ICRC and IOM to support Sudanese IDPs, and with UNDP to support Chad and CAR and UNHCR in South Sudan to respond to displacements from Sudan.

While 37 countries are eligible for the TSF Prevention and Crises Response envelope resources, many are only eligible for concessional loans and not grants. In times of severe fiscal constraints and challenges related to debt sustainability, governments can be reluctant to rely on loans for refugee-related interventions. This highlights the importance of significant donor support with resources that are extended with grant terms and directed to displaced and host communities for sustainable solutions.

The Donor Contribution Window of the TSF (Pillar IV) allows for earmarking, thereby facilitating targeted and catalytic support in displacement contexts on the African continent. Bilateral, multilateral, philanthropic and other partners may provide resources to the Bank through this window and agree with the Bank on the earmarked use of such resources for any African country or countries, to jointly address root causes of fragility, invest in displacement contexts and build resilience in Africa.

Other MDBs have developed specific financing instruments to help their Member States sustain the costs associated with displacement. The World Bank has committed nearly USD 5 billion, 85 per cent of which is in full grants, through the Window for Host Communities and Refugees (WHR).[60] Its State and Peacebuilding Fund (SPF), Prevention and Resilience Allocation (PRA), Remaining Engaged during Conflict Allocation (RECA) and Turn Around Allocation (TAA) can also be used to prevent or address displacement crises. Similarly, the Islamic Development Bank's Fragility and Resilience Policy guides its support to member countries and Muslim communities in selected non-member countries affected by conflict and fragility. It has provided over USD 2.6 billion since its inception to prevention, resilience building and response projects through Trust Funds, the Fael Khair Program, Special Operations and the Islamic Solidary Fund for Development (ISFD).[61] The European Investment Bank's (EIB) Strategic Approach to Fragility and Conflict[62] also makes several references to forced displacement, providing potential entry points for programming that includes forcibly displaced and host communities on the African continent, possibly with MDBs and other partners, going forward.

Multi-stakeholder initiatives on forced displacement in Africa

Several MDBs have taken a central role in fostering multi-stakeholder initiatives that cover the region, including the World Bank's Fragility Forum, the African Development Bank's Africa Resilience Forum and the Islamic Development Bank's Resilience Summit, which bring together different stakeholders to jointly strategize and share knowledge on financing in situations of fragility, including forced displacement. Beyond this, MDBs participate in other networks including the MDB Coordination Platform on Economic Migration and Forced Displacement, the OECD International Network on Conflict and Fragility and the Aswan Forum for Sustainable Peace and Development, among others, each contributing within its mandate towards addressing the multidimensional nature of fragility and forced displacement in Africa. In 2023, several MDBs endorsed the Common Position of DAC-INCAF Members supporting the Global Compact on Refugees on Addressing Forced Displacement with a Comprehensive HDP Nexus Approach, recognizing their leadership role in addressing root causes of forced displacement and supporting durable solutions.[63] Other initiatives have capitalised on the strengths of MDBs, bilateral donors and specialised agencies. In December 2022, IFC and UNHCR launched a Joint Initiative to scale up their efforts to help displaced people rebuild dignifying and productive lives while contributing to the development of local communities, economies and markets.[64] It also aims to drive responsible private sector engagement and advance the socio-economic inclusion and self-reliance of displaced and host communities. The Netherlands-financed PROSPECTS partnership (Partnership for Improving Prospects for Forcibly Displaced Persons and Host Communities) similarly demonstrates the potential of collaboration among diverse actors. The partnership leverages donor funding, blended finance through the World Bank and the IFC and working with UN agencies to provide protection, social protection, and vocational support. In bringing together development and humanitarian actors it has been able to operationalize the HDP Nexus, provide quality education, enhanced livelihoods, and increased social protection to forcibly displaced persons while strengthening the resilience of host communities.[65]

While not active in Africa, the Global Concessional Financing Facility (GCFF) also offers an innovative model that could inform future regional partnerships. Hosted by the World Bank and supported by other MDBs as well as nine OECD donor countries and the European Union, the trust fund targets the reduction of borrowing costs for projects that benefit refugees in middle-income countries otherwise ineligible to grants.[66] It has provided USD 993 million in grants which have enabled the provision of over USD 7.9 billion in loans on concessional terms, and includes a refugee policy review framework to encourage relevant policy reforms.

Multi-donor coordination mechanisms help prevent duplication, facilitate sharing and mitigating the risks of investing in fragile contexts, while also reducing transaction costs and leveraging the strengths of each contributing actor. They can also help to shift away from short-term funding for stand-alone projects and towards more predictable, comprehensive and sustainable programming. The African Development Bank's portfolio benefitting forcibly displaced and hosting communities can be scaled up or expanded via the Transition Support Facility (TSF Pillar IV) as the Bank and partners see the need to enhance coordination and programmatic collaboration across donors. TSF Pillar IV is providing such a flexible, catalytic and structured mechanism for voluntary contributions to co-design and co-fund durable solutions. This allows donors to channel additional financing into fragile, conflict-affected and displacement settings while ensuring that such resources remain ringfenced, transparently managed, and programmatically aligned with broader resilience and development goals.

Private sector engagement in forced displacement contexts in Africa

There has been growing interest in the role of the private sector in displacement contexts since the launch of Global Compact on Refugees in 2018.[67, 68] In displacement contexts, private actors offer contributions in terms of financial resources, employment generation and service delivery, and can position displaced peoples as consumers, employees, and entrepreneurs — in other words, contributors to local and national economies, rather than aid beneficiaries. Among other benefits, a development approach in forced displacement recognizes that there are commercial opportunities for the private sector to provide valuable services to refugee, IDP and host communities. This approach benefits the private sector by enabling access to both a new, untapped client segment and, at times, a skilled workforce able to support firm, sector and value-chain growth. Displaced and host communities also benefit through the creation of new jobs and access to commercially sustainable services.

Private sector engagement encompasses various activities and varying incentives, entry points and conditions for success.69 There is evidence of private actors benefiting from demand or resources in displacement settings, leveraging their capacity to navigate new contexts. Bayrony, an agricultural export firm in Khartoum, observed that refugee farmers tended to delay selling their produce in hopes of better prices, often resulting in spoilage and financial loss. It introduced a phased purchasing model, buying 80 per cent of produce upfront and the remaining 20 per cent later at market rates, while also offering climate-controlled storage for the 20 per cent.[70] Similarly, Shayashone, a company offering agriculture and agri-business services in Ethiopia, supported by the SHARPE programme, has gradually increased its hiring of refugees as extension officers and distributed inputs, such as vegetable seeds, to farmers in their communities.[71] In turn, they have also found value in incorporating refugees into the supply chains from which they source agriculture inputs.

Financial service providers have also taken advantage of opportunities for expanding their clientele for services such as mobile banking, micro-insurance, and digital credit to displaced peoples. Agfund's Ebdaa Microfinance Bank, in partnerships with USAID and the Sudan Peacebuilding and Development Project, provided microfinance services to displaced individuals in the Abushok camp, including solidarity group loans for agriculture and livestock, as well as voluntary savings accounts.[72] [73]There is also active interest in the market with companies including Orange and Equity Group pledging to extend their services to displaced populations at the 2023 Global Refugee Forum.[74]

Engaging with affected communities allows businesses to align commercial goals with social impact objectives, making such contexts an emerging frontier of interest for both impact-driven enterprises and mainstream commercial actors. Yet examples remain rare in Africa, where private sector engagement in displacement contexts relies heavily on a broader ecosystem supporting it. One of the most critical constraints is the limited conduciveness of legal and regulatory environments, as displaced people can face limitations on the right to work, restrictions on movement, lack of access to formal identification, obstacles to business registration or property ownership, amongst other barriers (see Chapter 1). Gaps in market intelligence are another significant barrier (see Box 2).

Box 2: Bridging market intelligence gaps

Private sector engagement is constrained by the absence of evidence on consumer demand, spending power, or business feasibility in forced displacement contexts, creating perceptions of high-risk and commercial non-viability. The IFC and UNHCR market assessment *Kakuma as a Marketplace* revealed an annual household consumption of USD 56 million for the refugee camp, signalling the presence of vibrant local economy with significant unmet demand.[75] Similar studies are being explored in other contexts, notably M'bera camp in Mauritania.[76] In cases where such assessments reveal that the commercial case for private sector engagement remains too weak, they are still useful to illustrate potential and call for targeted support through concessional loans and blended finance. Without the evidence base to undertake this triaging, the international community cannot prioritise interventions where they are most needed and most impactful. Market intelligence is not just an enabler of private investment, but a foundation for more effective displacement responses that work with market forces.

Here too, MDBs are well positioned to contribute. In 2019, the World Bank and UNHCR created the Joint Data Centre on Forced Displacement aimed at encouraging the use of socioeconomic data on refugees, IDPs, stateless people, returnees, asylum seekers and host populations.[77] Through its Country Private Sector Profiles and engagement with national authorities as well as Economic Sector Works (Analytical products) and its collaboration with National Statistics Offices, the African Development Bank can commission consumer and market studies and surveys that identify business opportunities and quantify the growth and revenue potential of refugee inclusion. These insights can help shift the political calculus by demonstrating the economic case for inclusion, while simultaneously signalling opportunities to the private sector. They can also inform policy dialogue with Regional Member Countries, supporting regulatory and institutional reforms that make inclusive investment both more feasible and more attractive.

In addition, many displacement contexts present low levels of socioeconomic development and unaddressed fragility pressures that hinder private sector engagement. Unlocking private investment in forced displacement contexts across Africa will require a coordinated approach across up-, mid- and downstream partnerships, capitalising on the flexibility of MDB operations and aligning the wider development community around a common assessment of constraints, a shared investment framework, bankable project pipeline development, de-risking and shared non-sovereign operations (NSO) portfolio growth in displacement contexts. A unified approach that presents governments with the incentives, fiscal space and capacity needed to implement enabling reforms for private sector engagement will be vital.

In partnership with United Peace Organization, the Socio-Economic Empowerment and Inclusion Project in Red Sea State launched a vocational training program at Port Sudan Technical College. © UNHCR/Ala Kheir, 20 July 2025

Increasing the impact of development investments in forced displacement contexts in Africa

Previous sections took note of the characteristics of forced displacement contexts in Africa (Chapter 1) and assessed the existing landscape of development approaches (Chapter 2). This chapter builds on them to identify entry points for MDBs and other actors working on development investments that can help prevent, prepare for and sustainably respond to displacement through tailored approaches that ensure the greatest impact for each investment, at a time of shrinking financial support from traditional donors and rising levels of forced displacement.

Investing in prevention and solutions

Given the heavy financial and human burden of displacement's negative consequences, tackling the root causes of displacement pre-emptively in areas of origin is the most cost-effective approach to address the issue. At the same time, such investments also create the conditions for voluntary and sustainable return, delivering mutual benefits for returnees and host communities alike. However, between 2020 and 2023, only 6 per cent of all ODA recorded for refugee situations in Sub-Saharan Africa was allocated to peacebuilding, and less than 2 per cent to disaster prevention and preparedness.[78] It is important to recognize the criticality of the African Peace and Security Architecture, including the African Union's Peace and Security Council, and African Governance Architecture, including the African Commission on Human and People's Rights, as well as their partnerships and continued reforms towards addressing the structural causes of forced displacement, advancing protection of rights, conflict prevention, security and "Silencing the Guns". Together with the United Nations and other Humanitarian-Development-Peace Nexus partners, including initiatives such as Early Warnings for All, there is an urgent need to avert further increases in forced displacement figures in the years to come and to significantly reduce forced displacement on the African continent.

AfDB's systematic fragility and resilience lens application, informed by its Country Resilience and Fragility Assessment (CRFA) tool and related analytics inform the bank's programming and thus contribute to the prevention agenda. This offers also entry points for concrete partnerships, including via the Transition Support Facility (TSF), to strengthen institutional capacities and programmatic approaches for prevention. **Increasing investments in programmes that contribute to reducing poverty, inequalities and instability in areas of origin, but also limit the risk of aggravating factors and additional drivers of displacement such as disasters, environmental degradation and the effects of climate change, should become a priority** for development approaches to forced displacement.

MDBs and development actors are not only best placed to invest in socioeconomic development in areas from where displaced people originate and, in doing so, reduce the risk of forced displacement arising from contexts of poverty, inequalities and instability; they can also invest in disaster risk reduction and climate change mitigation and adaptation measures.[79] The African Development Bank, for instance, has developed several initiatives to support its Member States in their related efforts.[80]

Supporting **solutions is another entry point for development approaches to forced displacement.** With over half a million returned refugees and nearly 5.5 million returned IDPs accounted for across the region at the end of 2024, initiatives to support the return and reintegration of refugees and IDPs can be scaled up.[81] Returns often occur in contexts of limited services, unresolved root causes, and scarce livelihood opportunities. MDBs and other development actors are therefore well placed to support nationally led strategies in areas of return. Supporting safe, dignified, voluntary, orderly and conflict-sensitive return helps stabilize areas of fragility, helps to prevent future displacement, and builds community resilience.

However, effective support for return also requires careful planning, government ownership, and integration into national development frameworks. AfDB's experience in Côte d'Ivoire illustrates the importance of embedding return strategies within Country Strategy Papers, National Development Plans, and donor coordination frameworks. Where these conditions are met, support for peaceful and productive reintegration can complement government-led initiatives. Such initiatives still remain rare however, and the Pockets of Hope in South Sudan are a notable exception that identifies areas with potential for return and reintegration and supports investments in local services, livelihoods and infrastructure.[82] Opportunities for MDBs and development actors exist to **coordinate and collaborate with UN agencies to contribute to the UN system-wide approach to internal displacement[83], with a shared interest in strengthening institutional capacities and country systems for sustainable solutions.**

FIGURE 6: SUMMARY OF MAIN ISSUES, PROPOSED WAY FORWARD AND OPTIONS FOR MDBS TO FURTHER INVEST IN PREVENTION AND SOLUTION TO FORCED DISPLACEMENT

Enhancing inclusion and self-reliance through policy reforms

Enhancing the self-reliance of displaced populations is crucial to cope with the ongoing reduction of aid while encouraging their integration and the development of host areas.[84] Such approaches require *de facto* and *de jure* freedom of movement and right to work, as well as the carefully planned shift from encampment to out-of-camp policies where circumstances allow.[85] For example, Uganda's Refugee Response Framework (often referred to as the self-reliance model) supports refugees and host communities through a layered approach combining cash assistance, freedom of movement, livelihood training, and financial inclusion.[86] Specific attention and support must also be dedicated to groups of forcibly displaced people who face added vulnerabilities, such as stateless persons, women or youth.

MDBs and development actors are well positioned to support governments in their efforts to offer more inclusive environments for displaced people, through national or regional policy dialogues, technical and financial support or incentives for reform and related investments. The World Bank's Refugee Policy Review Framework (RPRF) is one example, assessing national policies' suitability for refugees to access economic opportunities and public services, refugee registration processes and access to justice, and measures in place to mitigate the impact of refugee inflows on host communities in countries eligible for funding from IDA's Window for Host Communities and Refugees.[87] The RPRF can be used as guidance to systematically integrate displaced populations into national engagement frameworks for the World Bank and other MDBs, and help include a policy dimension in their projects. In practice, however, it is difficult to ensure systematic changes, and those that do occur should be accompanied by assistance to help governments implement them.

The African Development Bank also has the potential to support similar reforms through its Programme Based Operations (PBOs), which offer un-earmarked budget support based on economic governance reforms. PBOs could, in principle, advance displacement-related reforms by linking disbursements to specific policy actions or implementation benchmarks. PBOs need to be aligned with government-led priorities and at the same time must be informed by fragility and resilience analyses in Country Strategy Papers, Project Concept Notes and Project Appraisal Reports, focusing on institutional resilience building in the context of displacement pressures. The African Development Bank could consider combining PBOs with targeted grant-based support from its own instruments or HDP nexus partners to incentivise political appetite and ensure there is sufficient capacity for reforms.

FIGURE 7: SUMMARY OF MAIN ISSUES, PROPOSED WAY FORWARD AND OPTIONS FOR MDBS TO ENHANCE SELF-RELIANCE AND INCLUSION THROUGH POLICY REFORMS

Issue(s)	• Reduction in humanitarian and development funding yet high levels of aid dependency • Insufficient levels of self-reliance and inclusion in national systems • Remaining de facto and de jure barriers in most policy environments
Way forward	• **Accompany and incentivise host governments in undertaking policy reforms, encouraging out-of-camp policies, freedom of movement and right to work**
Options for MDBs	• Support national and regional policy dialogues, share outcomes and cooperate on evidence and advocacy • World Bank's Refugee Policy Review Framework (RPRF) • African Development Bank's Programme Based Operations (PBOs)

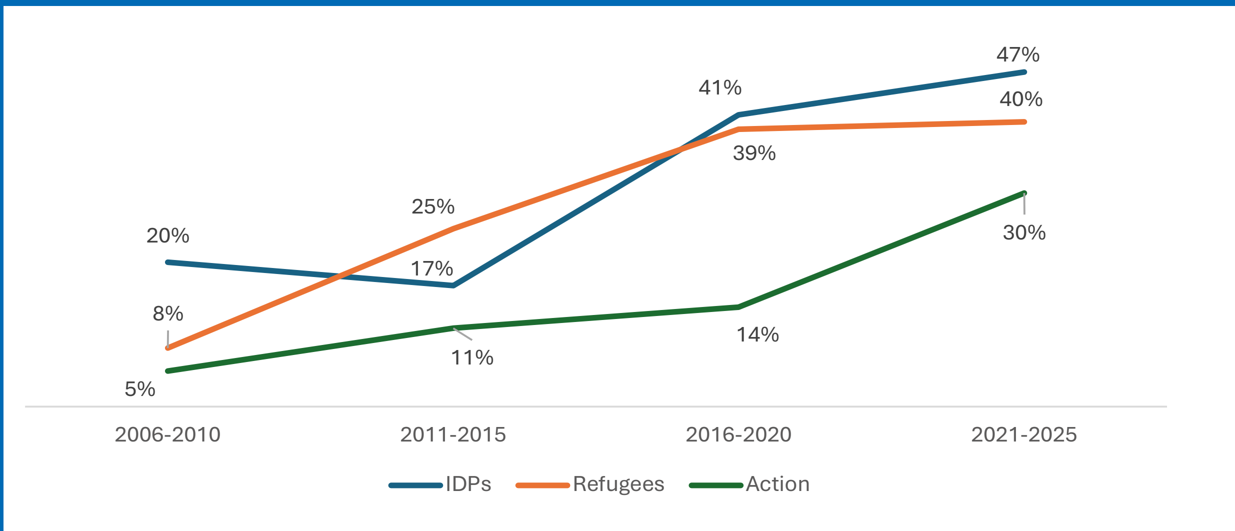
Embedding displacement in national and regional engagement frameworks

At the national level, the integration of displacement considerations in development plans and budgets remains rare in Africa and beyond.[88] **MDBs can encourage the integration of displacement into broader development processes through country diagnostics and national engagement frameworks**, such as Country Strategy Papers at the African Development Bank, Country Partnership Frameworks at the World Bank or Country Engagement Frameworks at the Islamic Development Bank and at the regional level, frameworks such as the African Development Bank's Regional Integration Strategy Papers (see Box 3). While these frameworks reflect each country's or region's priorities as identified by their respective governments, **MDBs can support greater inclusion of displacement by strengthening the evidence base to guide impactful investments and demonstrate their value added for the broader society and economy, and encourage governments to consider including refugees and IDPs in broader initiatives through advocacy, specific technical assistance or additional incentives.**

Box 3: Displacement considerations in the African Development Bank's Country Strategy Papers

At the African Development Bank, Country Strategy Papers (CSPs) define priorities and establish an initial pipeline of investments (ranging from 3 to 5 years). An analysis of 193 CSPs, Country Briefs, interim papers, updates and extensions published between 2006 and 2025 shows an overall increase in the prevalence of references to IDPs (blue line below), refugees (orange line) and concrete actions to address displacement (green line).

FIGURE 8: PROPORTION OF AFRICAN DEVELOPMENT BANK NATIONAL ENGAGEMENT FRAMEWORKS REFERRING TO IDPS, REFUGEES OR CONCRETE ACTIONS TO ADDRESS DISPLACEMENT SINCE 2006.



Out of 36 published CSPs currently under implementation, 16 make a reference to internal displacement and 13 to refugees. But in many cases, these references merely identify displacement as a factor of fragility or a challenge in the overall national development context. Only eight identify concrete actions to address displacement and support affected people.89 This can be explained by several reasons, including that not all African member countries have large numbers of displaced populations, hence less prominent references and suggested actions in the respective CSP. Another reason can be that displacements coincide with persistent pockets of high-poverty rates amidst severely limited public resources, so the particular CSP focus would be on the most transformative role of the Bank as per its comparative advantage based on country demand, whilst complementing investments by government and development partners that might include displaced people and hosting communities. Yet another reason can be strategic selectivity to ensure sufficient scale of investments as per CSP priority areas and locations, among others. That said, going forward it remains important to maintain the systematic fragility and resilience lens application in CSPs to ensure solid analyses of root causes of displacement and displacement data inform opportunities for the inclusion of forcibly displaced and hosting communities, where relevant and suitable, tailored to the country and subsequent project/program context.

Encouraging the inclusion of refugees in national development priorities can be challenging, particularly given existing financial constraints. However, MDBs can raise the issue through their dialogue with member countries and help include displaced populations on the one hand as “vulnerable” people and on the other hand as “economic agents” in their country engagement frameworks, project selection criteria and designs, incorporating related indicators in their monitoring mechanisms. Here too, ensuring that MDB sector, regional and country teams are well-equipped to lead these conversations and trained on how to integrate forced displacement in development programming is key. Linking to the importance of the prevention agenda, greater emphasis can be placed on individually and collectively, together with partners, addressing the root causes of displacement through peacebuilding, security and stability, disaster risk reduction, climate change adaptation, inclusive development and governance.

FIGURE 9: SUMMARY OF MAIN ISSUES, PROPOSED WAY FORWARD AND OPTIONS FOR MDBS TO INCLUDE DISPLACEMENT CONSIDERATIONS IN NATIONAL ENGAGEMENT FRAMEWORKS

Issue(s)

- Limited inclusion of displacement considerations in MDBs' national engagement frameworks, such as CSPs, CPFs, CEFs

Way forward

- **Encourage the systematic inclusion of displacement considerations in national engagement frameworks for highly affected countries/contexts**

Options for MDBs

- Displacement-inclusive technical assistance and trainings for the development of national engagement frameworks
- Inclusion of displacement considerations in country engagement frameworks, project selection criteria and designs
- Inclusion of displacement-specific indicators in monitoring mechanisms

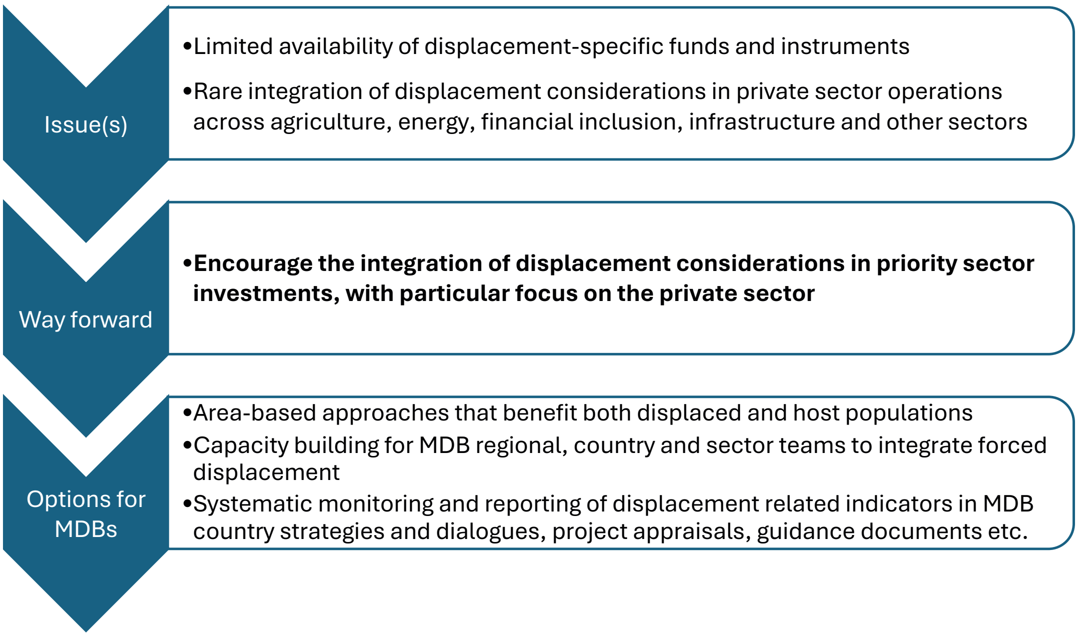
Mainstreaming displacement in priority sector investments

While displacement-specific financing instruments have helped raise resources for and awareness of the issue, and should continue to do so, scaling development investments requires tapping into broader funding pools, such as MDBs priority sector investments. **MDBs can encourage the mainstreaming of displacement in priority sector investments in highly affected countries** where such investments can have a significant impact on displaced and host populations. Doing so more systematically requires going further than the mainstreaming of displacement into formal documents and entails **building the capacity of MDB regional, country and sector teams and other development actors to integrate**

displacement in their operations, for instance through trainings with specialized agencies, such as the UNHCR-African Development Bank Joint Learning Series and other past and planned initiatives between UNHCR and other MDBs and development actors. Agriculture offers an example that is particularly relevant in many African contexts. It also requires senior leadership commitments so that downstream country and sector departments are incentivised to consistently apply the lens. While many displaced people have an agropastoral background, less than 1 per cent of the total ODA recorded for refugee situations in Sub-Saharan Africa went to projects in the agriculture, forestry and fishing sector from 2020 to 2023[90, 91] On the other hand, agriculture and agro-industries are a priority sector for MDBs working in the region. **Area-based approaches can be used in such situations, that benefit both displaced and host populations, fostering integration while reducing the risk of social tensions.**

The agricultural sector also offers significant opportunities for the African Development Bank's Non-Sovereign Operations (NSOs). Similar cases can be made for infrastructure, energy access, financial inclusion, WASH and other operations. However, displacement is not yet recognised within the Bank's ADOA framework (the Development Outcome Evaluation Tool for Private Sector Operations) as a development opportunity in the way gender or youth are, and displaced populations are not tracked as a distinct beneficiary group.[92] As a result, substantial NSO investments in agriculture (among other sectors) currently have limited scope to systematically mainstream displacement considerations. **This could be addressed through practical measures under ADOA**, including adopting an area-based uplift for projects in known displacement-affected areas, encouraging narrative reporting on displaced beneficiaries during appraisal, and updating the ADOA manual to define displacement-affected areas as underserved communities, creating a potential entry point for longer-term integration of a "displacement marker" in future ADOA versions.

FIGURE 10: SUMMARY OF MAIN ISSUES, PROPOSED WAY FORWARD AND OPTIONS FOR MDBS TO MAINSTREAM DISPLACEMENT IN PRIORITY SECTOR INVESTMENTS



Investing in host economies and catalysing the private sector

Successful inclusion of IDPs and refugees also requires the existence or development of an economy in host areas that can sustain the needs of both displaced and host communities, particularly in the context of geographic isolation and low levels of economic development in many hosting areas. Here too, **development actors and MDBs can play an instrumental role in promoting economic growth and private sector engagement in fragile contexts, given their experience and instrument flexibility to work with both public and private borrowers.**

The African Development Bank's existing approach offers a useful framework for identifying and eliminating the barriers to private sector engagement with displaced populations.[93] This includes policy reform and incentive-based sovereign lending to address upstream regulatory constraints (as well as utilisation of its convening authority to strengthen incentives for reform), targeted infrastructure investments to reduce costs of doing business in host areas,[94] and the deployment of blended instruments to crowd in private capital and deliver additionality alongside market intelligence to reduce risk barriers and fill downstream information gaps. Ideally this approach would lean on a strategic investment framework underpinned by a diagnostic of key binding constraints, allowing for government leadership, clarity on which actors are best placed to lead in each area, and prioritisation based on the complementarity of interventions across different levels. The African Development Bank's Crisis Response project to support the stabilisation and recovery of refugees and host communities in the Lake Chad Basin (PASRRC) is an example of this integrated approach[95]. Going forward, more emphasis needs to be placed on including forced displacement considerations in Non-Sovereign Operations (NSOs), where suitable and possible.

Attention towards the prioritisation of interventions is central, for example focusing on an enabling policy and infrastructure environment in fragile contexts, with practical entry points for MDBs across upstream, midstream, and downstream interventions. This is illustrated in Table 2 (annexed) which suggests possible activities for MDBs across each level of intervention, coupled with indicative African Development Bank instruments to demonstrate how these can be deployed.

The entry points in Table 2 (annexed) have already been demonstrated through several successful initiatives, revealing the potential to unlock private sector engagement in displacement-affected areas. For example, in 2024, the IFC partnered with Equity Bank Kenya to launch a USD 20 million risk-sharing facility (RSF), which has IFC assuming 50 percent of the exposure (USD 10 million) in the RSF credit risk, to boost financial inclusion for individuals and small businesses in Kenya's most underserved regions.[96] Similarly, the Kakuma-Kalobeyei Challenge Fund (KKCF) in Kenya, has demonstrated the potential of competitive funding windows, offering matching grants and technical assistance to businesses launching or expanding commercially viable ventures that benefit both refugees and hosts.[97] There are also potential avenues in the global remote work market, which can bypass many local economic and legal barriers to employment. However, realising this potential requires targeted investments in digital infrastructure, skills development, and micro-financing to support displaced individuals in accessing and sustaining remote work opportunities.

However, these examples remain the exception rather than the norm. MDBs are well-placed to lead in scaling such efforts, ensuring that **interventions at each level are sequenced and prioritised within a coherent investment framework**.

FIGURE 11: SUMMARY OF MAIN ISSUES, PROPOSED WAY FORWARD AND OPTIONS FOR MDBS TO INVEST IN HOST ECONOMIES AND ENCOURAGE PRIVATE SECTOR ENGAGEMENT

Issue(s)	• Private capital remains scarce in displacement contexts due to high risk (real or perceived), information gaps and the absence of incentives. • No systematic inclusion of forced displacement in Non-Sovereign Operations (NSOs)
Way forward	• **Invest in an enabling policy environment and infrastructure that reduces business costs, connect markets and benefit both displaced and host communities.** • **Encourage private sector entry by reducing risk, offering market intelligence and targeted incentives, and building value chains and market linkages** • **Engage private sector borrowers for inclusion of forcibly displaced and hosting communities, where suitable**
Options for MDBs	• Technical assistance and evidence generation • Infrastructure finance to increase market connectivity in displacement contexts • De-risking instruments including risk-sharing facilities, concessional credit lines, equity stakes and challenge funds • Development of pipeline of NSOs that include forcibly displaced and hosting communities

Ensuring support throughout displacement paths

The forced displacement dynamics described in Chapter 1 make it particularly relevant to **establish whole-of-route approaches offering support to displaced people across displacement paths.** This requires scaled-up investments in basic services, livelihoods, and protection systems in key locations along displacement routes, such as border entry points or urban transit hubs, areas and countries where displaced people may temporarily or permanently resettle. Early initiatives in Chad and Southern Africa have demonstrated how such interventions can stabilize populations, reduce exposure to exploitation, and enhance the resilience of host communities.[98] They require extensive coordination across partners and countries, a significant challenge.

African States have demonstrated their commitment to engage in regional solutions to forced displacement, notably through the 2009 African Union Kampala Convention, as well as across several regional commitments.[99] These frameworks serve as a legal and strategic foundation to mobilise resources for regional approaches to displacement, while reinforcing African leadership, fostering burden-sharing, and aligning international finance with regionally defined priorities. **Regional Economic**

Communities (RECs) and Regional Mechanisms (RMs) are well-positioned to coordinate cross-border efforts and operationalize these commitments but could benefit from MDB support to elevate the impact of regional frameworks by investing in transboundary solutions.

MDBs can also expand the mechanisms currently available to support regional investments. The World Bank's former Regional Window under IDA19, for instance, supported the Great Lakes Trade Facilitation and Integration Project with separate financing allocations for Burundi, the DRC, and COMESA.[100] The African Development Bank's Regional Operations envelope and TSF, among others, also finance regional initiatives. The Bank has also joined UNHCR in establishing an integrated programme on forced displacement, fragility and climate resilience with SADC and its Member States. This joint initiative is meant to increase regional cooperation, strengthen regional and national risk-response capacities, and promote the inclusion of displaced persons in the development plans of SADC countries.

FIGURE 12: SUMMARY OF MAIN ISSUES, PROPOSED WAY FORWARD AND OPTIONS FOR MDBS TO ENSURE SUPPORT THROUGHOUT THE DISPLACEMENT PATHS

Issue(s)

- Many displaced people in Africa cross multiple countries and are engaged in internal to cross-border displacement flows, pendular movements or mixed migration movements
- Current mechanisms often stop at a country's border and do not support displaced people along their entire journey

Way forward

- **Establish whole-of-route approaches and cross-country or regional support mechanisms**

Options for MDBs

- Support Regional Economic Communities and Regional Mechanisms to coordinate cross-border efforts
- Expand existing mechanisms and project pipeline development to support regional investments that include whole-of-route approaches and support displaced people across displacement paths

Strengthening the evidence base to guide more impactful investments

Development actors and MDBs need specific information to guide their investments and monitor their impact. Existing data identifies displaced people's needs for support, not their economic potential in terms of professional skills, experiences, assets, capital, livelihoods or consumer behaviours. Collecting socioeconomic data on displaced people is challenging as they tend to be excluded from official statistics. **The *International Recommendations on IDP Statistics, Refugee Statistics* and *Statelessness Statistics* provide a framework for governments and international organisations to improve the production, coordination and dissemination of high quality official statistics on displaced and stateless people, consistently over time and across countries**.[101] The release of these frameworks marks a milestone in global efforts towards better evidence, but only a limited number of countries are currently implementing them due to lack of financial, technical and human resources, awareness or political will.

MDBs can support their Member States in their efforts to produce and use better evidence on displacement through financial and technical support. The World Bank and UNHCR Joint Data Centre on Forced Displacement has played a pivotal role in integrating displaced people into national statistical systems, censuses and surveys including refugees in Chad, Ethiopia, Malawi and Uganda, and IDPs in Cameroon, the Central African Republic, the Democratic Republic of the Congo or Mali.[102] UNHCR also launched several initiatives to strengthen the evidence base on forced displacement, such as its Microdata Library or Forced Displacement Survey.103, 104 It partners with National Statistical Offices (NSOs) to integrate displaced people into national socioeconomic surveys, census processes, and development indicators.

MDBs can also invest directly in the production of evidence to bridge remaining gaps in areas that would help guide and monitor more impactful investments. For example, measuring the fiscal impacts of displacement and related investments on affected economies, and data on the longer-term return on investments of socioeconomic development in areas of origin and refuge. **Internally, ensuring a better monitoring of investments in forced displacement would be a significant step towards greater visibility and impact.** The tracking of financing for forced displacement piloted by OECD and UNHCR, or the recent inclusion of an indicator on displaced people and host communities provided with services and livelihoods in the World Bank Group Scorecard are notable efforts, but face methodological and practical challenges in their implementation, in part due to data unavailability and lack of consistency, technical and human resources.

FIGURE 13: SUMMARY OF MAIN ISSUES, PROPOSED WAY FORWARD AND OPTIONS FOR MDBS TO STRENGTHEN THE EVIDENCE BASE FOR MORE IMPACTFUL INVESTMENTS IN FORCED DISPLACEMENT CONTEXTS

Issue(s)

- Development approaches require evidence that is often not available in displacement contexts, such as socioeconomic data, fiscal impact or return on investment estimates
- Data on financing for forced displacement is currently lacking, making monitoring of progress challenging

Way forward

- **Strengthen the evidence base to guide more impactful investments through improved, dedicated data collection and analysis, and capacity building both at the institutional and at country level**

Options for MDBs

- Expand systematic tracking of MDBs' investments in forced displacement contexts, and upgrade IT systems and Results Frameworks for automated reporting
- Support National Statistical Offices (NSOs) in generating evidence and implementing international recommendations on IDPs, Refugees and Stateless Persons statistics
- Produce tailored research and analyses to incentivise development approaches to forced displacement and monitor their impact

Ocea Reception Centre, Rhino Settlement, West Nile State - Uganda. Caitlin Kelly. September 2024.

Encouraging innovative financing mechanisms

Recent trends in donor funding have brought to the fore the need for instruments that attract additional capital, mitigate risk for private investors and deliver sustainable impacts through longer-term models. While displacement contexts present specific obstacles, there are many emerging innovations that have a clear use-case for broadening the investor base and generating additionality. This includes blended finance structures, guarantees and risk-sharing facilities, equity and quasi-equity investments, thematic bonds, performance-based and results-based financing, and structured public-private partnerships (PPPs), to name a few.[105] Despite the growing pool of financial innovations, funding for displacement contexts still disproportionately flows through humanitarian channels and agencies, which often face rigid earmarking, short funding cycles, and restrictions on using funds in more flexible or catalytic ways. **Overcoming these constraints is critical to enabling more innovative approaches.**

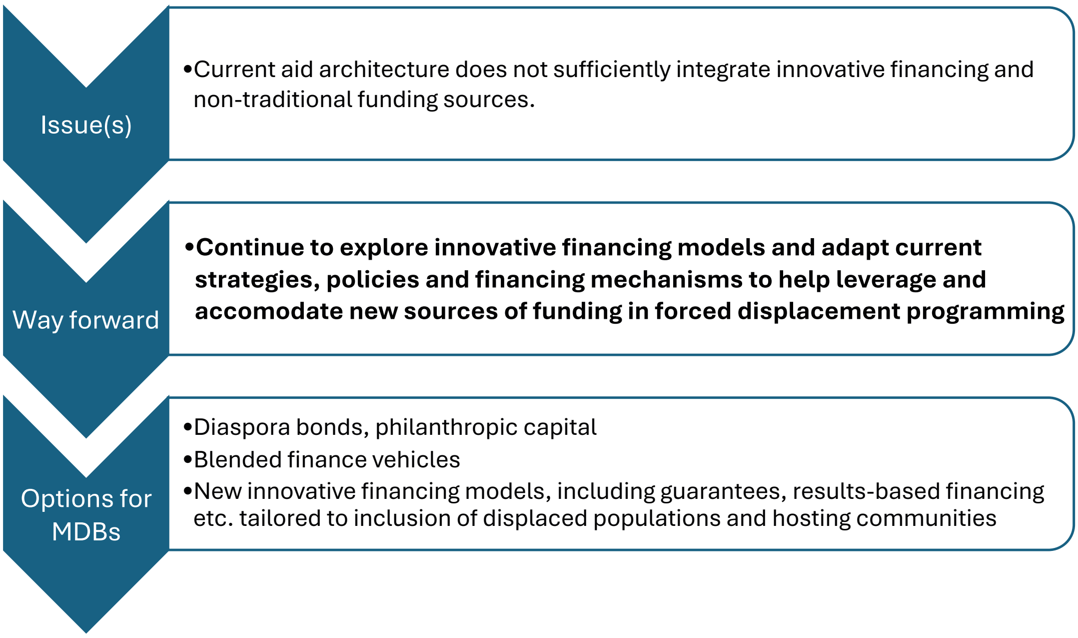
Remittances, another crucial source of capital for displaced populations, have typically been poorly integrated into national financial systems, instead being channelled through informal networks to households. There is nonetheless significant promise in the use of diaspora bonds, matching grant schemes, and community-aligned investment vehicles to channel remittances towards more productive investments.[106] For example, IOM's Co-Funding Mechanism in Somalia enables the diaspora to co-finance local development projects, with over USD 588,000 mobilized to match IOM's contribution of about USD 2.5 million alongside a diaspora skills transfer programme.[107, 108] Philanthropic capital can also play a critical role by absorbing early-stage risk, piloting business models, building evidence of demand, and in doing so unlocking additional capital.[109]

Capitalizing on these resources and scaling them up in forced displacement contexts in Africa **requires setting up adequate legal and regulatory conditions, building the financial infrastructure that make these transactions more secure, affordable, and transparent, and creating credible investment vehicles and projects** that align with diaspora and philanthropic priorities, offering both returns and tangible development outcomes. Alignment with development efforts can ensure such innovations are not only incubated but also scaled and integrated into national investment frameworks. For example, the Global Islamic Fund for Refugees (GIFR), a joint initiative between the Islamic Development Bank and UNHCR, was established in 2022 to channel Islamic almsgiving (both Waqf & non-Waqf) targeting at least an additional USD 400 million after an initial combined investment of USD 100 million from the Founders.[110]

UNHCR's innovative financing team is developing solutions to use innovative financing within existing programming constraints, for example, converting grants into a form of guarantee mechanism for energy service contracts to secure market financing and with the operation of an internal revolving fund that enables UNHCR to make loan-like investments within its operations, replenished through service fees. The UNHCR team has also been working on targeted opportunities that extend beyond UNHCR's direct implementation footprint, working with other implementing partners on solutions. The Refugee Environmental Protection (REP) Fund, for instance, aims to channel carbon financing to priority energy and environment projects, with first pilot projects in Uganda and Rwanda. REP Fund financing will strengthen or complement existing projects or plans, but also catalyse new solutions for refugees, host communities and governments that go beyond UNHCR's direct programing scope. In these cases, partnerships between development institutions, the private sector and governments are critical to unlocking the full potential of these solutions, with UNHCR playing a catalytic role.

Of equal importance is the recognition of the role that domestic finance can play, albeit unevenly across contexts. While most countries with situations of fragility have insufficient fiscal space to invest in displacement, in middle-income settings there is greater potential for national resources to be mobilised. MDBs and development partners can showcase the downstream value of such investments to contribute to revenue generation and provide technical support to interested host governments.

FIGURE 14: SUMMARY OF MAIN ISSUES, PROPOSED WAY FORWARD AND OPTIONS FOR MDBS TO ENCOURAGE INNOVATIVE FINANCING MECHANISMS FOR FORCED DISPLACEMENT SETTINGS IN AFRICA



Strengthening coordination amongst MDBs, development actors and other stakeholders

Realising the potential of these additional financing sources can lean heavily on the **enabling and coordinating potential of MDBs and other development actors**. While diverging mandates, specific funding cycles and institutional silos can create challenges for multi-stakeholder coordination, MDBs are strategically positioned to connect fragmented initiatives, and create the conditions for long-term, scalable investment in displacement contexts. By aligning different capital flows within coherent, government-led investment frameworks (such as Country Strategy Papers, Country Partnership Frameworks etc.), MDBs can not only increase the volume of financing but also improve its sustainability, additionality, and long-term development impact.

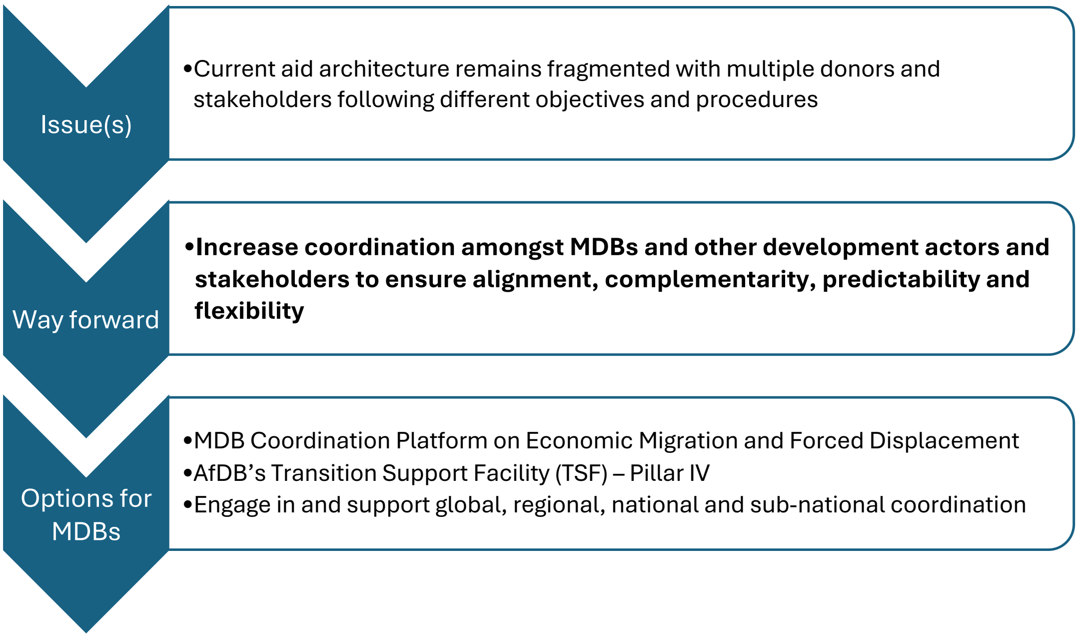
Increased coordination amongst MDBs, moving towards more harmonized practices, joint project pipeline development, intentional policy and operational complementarities, automated reporting mechanisms with more granular data, simplified application processes, enhanced quality of programming documents and indicators on displacement aspects, for instance, will increase impact. Greater knowledge and information sharing and better in-country coordination of respective funding streams in forced displacement contexts will also add value. The MDB Coordination Platform on Economic Migration and Forced Displacement has already yielded results and facilitated joint commitments by MDBs on forced displacement. It could serve as an already established venue for strengthened coordination and collaboration within MDBs and with other key stakeholders, including UNHCR and other UN agencies, as well as other multilateral organisations, donors or climate funds.

Even MDBs without a current, direct operational focus on displacement in Africa, such as the European Investment Bank (EIB) with over 70% of its sub-Saharan Africa financing benefiting fragile or least-developed countries, can contribute significantly to address root causes of fragility and displacements, as well as sustainable solutions. Aligning such efforts more deliberately with displacement strategies could bolster, for example, collective efforts on the prevention agenda. Similarly, EBRD's experience with forced displacement, primarily in the MENA region and Eastern Europe, may also offer valuable insights for Africa. Though its engagement on the continent is still emerging, EBRD brings expertise in private sector-led solutions, including inclusive procurement, municipal services, and financial inclusion. There is growing scope for collaboration with other MDBs on co-financing, analytics, and capacity development.

MDBs, other financiers and HDP Nexus partners can also make use of **multi-donor platforms and use the flexibility of existing instruments, for joint or parallel co-financing in displacement contexts**. For example, the African Development Bank's TSF now includes a Donor Contributions Window, increasing eligibility to all the Bank's Regional Member Countries while ensuring resources remain ringfenced as per shared priorities and transparently managed. Pillar IV offers a scalable instrument to pilot innovative financing models, harmonize donor efforts, and mobilize targeted responses to displacement challenges, while reinforcing the African Development Bank's role as a regional convener and steward of coordinated, long-term investments.

Crucially, effective coordination must go beyond MDBs and development actors alone. A holistic approach requires alignment across humanitarian, development and peace actors, as well as governments, regional bodies, the private sector and non-traditional partners. This needs to happen at multiple levels: continue global and continent-wide platforms, expand dedicated regional coordination mechanisms through RECs and RMs, engage in and support national frameworks led by governments that bring in other actors at the right entry points and, often, sub-national structures coordinating front line responders, local authorities and aid providers.

FIGURE 15: SUMMARY OF MAIN ISSUES, PROPOSED WAY FORWARD AND OPTIONS FOR MDBS TO STRENGTHEN MULTI-STAKEHOLDER COORDINATION ON FORCED DISPLACEMENT IN AFRICA



Sudanese refugee operates a restaurant in Alexandria.
© UNHCR/Christine Beshay. March 2024.

Conclusion

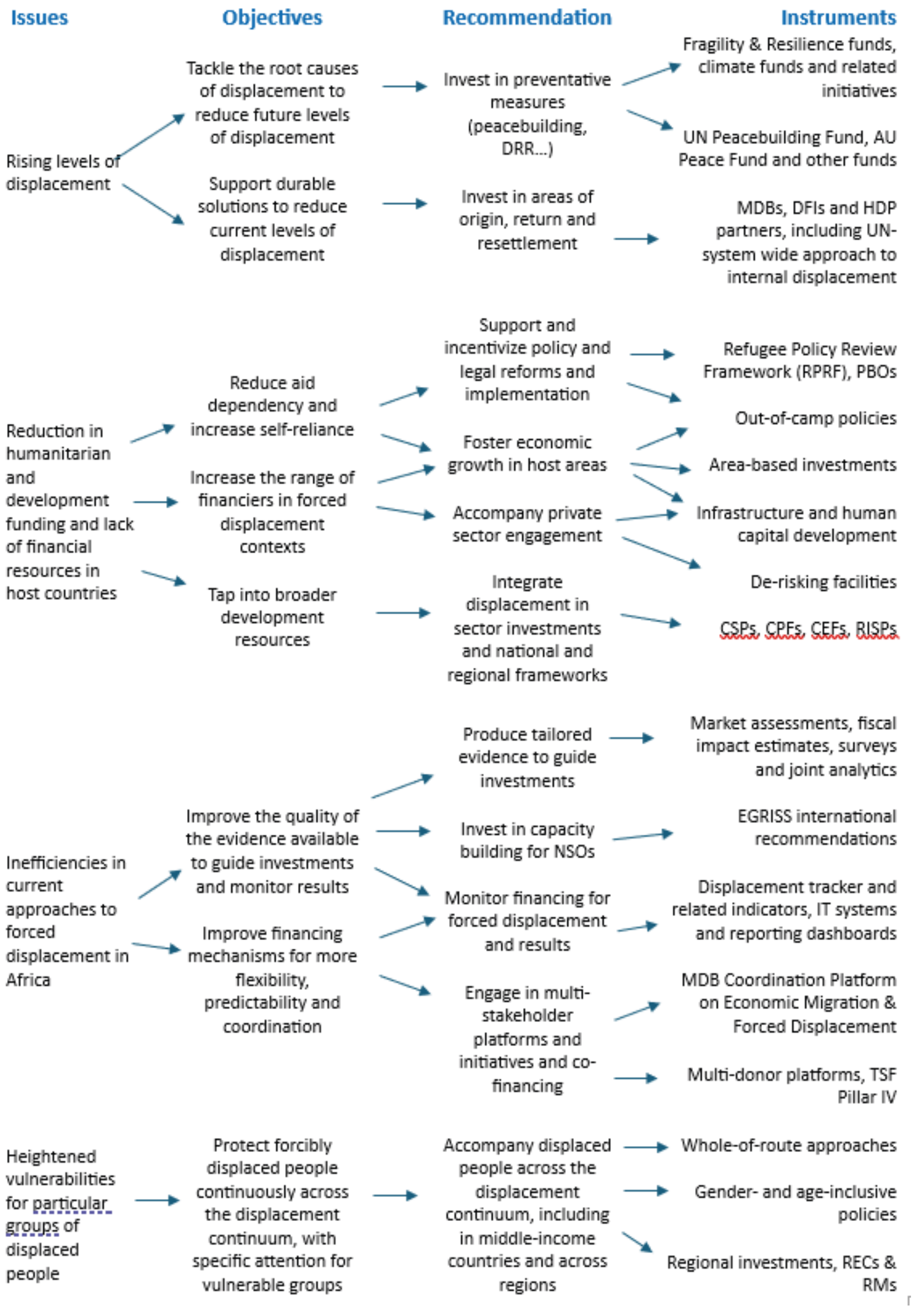
Many lessons have been learned, best practices identified, and progress achieved over the past decade in the way forced displacement is considered and approached. Initiatives that seek to apply development approaches and coordinate interventions across the Humanitarian-Development-Peace nexus have flourished in Africa. Governments, bilateral and multilateral donors, humanitarian and development actors and MDBs are increasingly working together towards common objectives. Yet, in practice, most displacement interventions in Africa remain focused on emergency response, and most funding comes from humanitarian sources, with only a small portion channelled through recipient governments. In addition, successful pilot projects with transformative impacts are often not scaled up or replicated, as funders too often pursue insufficiently coordinated parallel funding instead of joint, programmatic approaches. This not only underserves the commitments made through the *New York Declaration on Refugees and Migrants* or the Grand Bargain, it also leads to costly and unsustainable systems that prolong displaced people's dependency on aid while neglecting investments in prevention, scaling results and lasting solutions.

With major funding cuts from longstanding donors and forced displacement linked with conflicts and violence rising in Africa, amidst other challenges such as adverse climate impacts, disasters, poverty, inequality and instability, it is imperative to redirect investments in forced displacement contexts through the channels where they will have the greatest impact. Recurring barriers to displaced people's self-reliance and inclusion in host societies and economies, such as restrictions to move or work or geographic isolation, must be addressed as a matter of urgency. Similarly, displaced women and girls require dedicated support, persistent gender gaps must be addressed, and Africa's displaced youth and their hosting communities require expanded investments in decent jobs and livelihoods. Root causes of displacement and obstacles to sustainable returns in areas of origin, as well as aggravating factors across displacement paths, must also be tackled to reduce the scale of displacement and mitigate the risks displaced people face along their journey. Simultaneously, MDBs and other financiers can take concrete steps to increase their returns on investments. These include building their teams' capacities to be better equipped to integrate forced displacement in national engagement frameworks and priority sector investment operations, identifying better evidence to inform investments and monitoring capacities, facilitating contributions from additional actors, including the private sector, as well as capitalizing on emerging financing innovations and adapting financing strategies, policies and mechanisms for increased flexibility, predictability and coordination.

While shifting from humanitarian relief to development-focused responses holds transformative potential, it is important to acknowledge the associated challenges. These approaches often require large upfront investments and long-term political as well as institutional commitments, with results that may take years to fully materialize. Delivering at scale demands more than financial resources, it necessitates institutional reform within the aid community, including the upskilling of teams and engagement with financing instruments that are often less familiar. It also hinges on political leadership and appetite within host governments, who must balance competing national priorities while navigating often sensitive social dynamics. Stronger regional coordination mechanisms are likewise essential to address cross-border displacement dynamics and ensure coherent, scalable responses. Despite these challenges, the potential upside is significant, and encouraging progress is already underway.

At the strategic level, many MDBs have already committed to shifting their practices in this sense. However, translating these recommendations into results for affected people and governments in Africa now requires concrete steps specific to each institution and displacement context. This report proposes a basis for discussions to be taken up by MDBs internally and with their partners in the development of tailored roadmaps, platforms and action plans for more impactful investments in forced displacement contexts. The below figure summarizes some of the main points to consider in these processes, illustrated with examples of existing initiatives and instruments MDBs are already utilising, or could adapt accordingly.

FIGURE 16: MAIN POINTS TO CONSIDER FOR MORE IMPACTFUL INVESTMENTS IN FORCED DISPLACEMENT CONTEXTS BY MDBS AND EXAMPLES OF EXISTING INITIATIVES AND INSTRUMENTS



Annex 1:
Displacement Data in Africa

TABLE 1: REFUGEES, ASYLUM-SEEKERS, INTERNALLY DISPLACED PERSONS (IDPS), RETURNEES (REFUGEES AND IDPS), STATELESS PERSONS, AND OTHERS OF CONCERN TO UNHCR, BY COUNTRY/TERRITORY OF ORIGIN IN AFRICA IN 2024 (SOURCE: UNHCR)

Country of origin	Refugees	People in refugee-like situations	Asylum-seekers (pending cases)	Returned refugees	IDPs of concern to UNHCR	Returned IDPs
Algeria	8 684	116	13 598	317	-	-
Angola	12 545	-	21 440	22	-	-
Benin	1 059	5	3 725	5	8 785	-
Botswana	249	-	1 331	-	-	-
Burkina Faso	149 954	127	130 695	-	2 062 534	-
Burundi	322 370	92	60 731	21 136	6 877	-
Cabo Verde	14	-	272	-	-	-
Cameroon	109 740	139	59 627	17 653	1 036 775	12 811
Central African Rep.	693 483	5	18 082	19 875	469 342	151 765
Chad	14 617	-	28 234	12	220 610	-
Comoros	2 322	-	468	-	-	-
Congo, Republic of	14 096	14	12 278	-	-	-
Côte d’Ivoire	29 430	12	26 785	-	-	-
Dem. Rep. of the Congo	1 058 058	2 028	165 456	575	6 905 511	2 361 409
Djibouti	2 055	-	1 973	5	-	-
Egypt	23 643	93	55 917	-	-	-
Equatorial Guinea	426	-	688	-	-	-
Eritrea	551 296	-	111 762	31	-	-
Eswatini	150	-	543	-	-	-
Ethiopia	164 423	-	158 142	11 672	2 272 533	2 438 438
Gabon	948	-	909	-	-	-
Gambia	8 128	12	7 587	7	-	-
Ghana	14 925	153	19 345	-	-	-
Guinea	42 074	22	55 204	12	-	-
Guinea-Bissau	1 900	-	1 267	-	-	-
Kenya	11 691	5	19 107	5	-	-
Lesotho	25	-	49	-	-	-
Liberia	5 079	7	4 466	-	-	-
Libya	17 188	47	6 358	10	32 791	93 011

Country of origin	Refugees	People in refugee-like situations	Asylum-seekers (pending cases)	Returned refugees	IDPs of concern to UNHCR	Returned IDPs
Madagascar	604	-	295	-	-	-
Malawi	570	-	2 784	-	-	-
Mali	353 788	287	18 463	3 035	360 591	51 546
Mauritania	38 111	-	28 422	-	-	-
Mauritius	263	-	631	8	-	-
Morocco	9 853	756	20 302	23	-	-
Mozambique	114	-	8 944	-	577 545	5 090
Namibia	646	-	897	-	-	-
Niger	44 114	5	10 775	-	507 438	-
Nigeria	466 813	792	87 289	37 696	3 432 959	35 721
Rwanda	249 060	36	21 270	1 524	-	-
Sao Tome and Principe	5	-	20	-	-	-
Senegal	12 947	-	39 749	5	-	-
Seychelles	10	-	18	-	-	-
Sierra Leone	8 031	11	8 893	-	-	-
Somalia	893 285	835	237 183	1 959	3 861 643	290 750
South Africa	1 174	-	4 907	5	-	-
South Sudan	2 290 622	-	32 841	404 744	944 631	-
Sudan	1 896 200	198 173	682 535	6 472	11 559 970	-
Togo	12 680	5	5 251	-	9 680	-
Tunisia	3 527	66	11 415	59	-	-
Uganda	10 364	20	18 311	5	-	-
United Rep. of Tanzania	1 247	12	3 900	5	-	-
Zambia	323	14	983	-	-	-
Zimbabwe	7 977	25	10 349	-	-	-
TOTAL	**9 562 900**	**203 914**	**2 242 466**	**526 877**	**34 270 215**	**5 440 541**

Annex 2: Linkages between forced displacement and the Sustainable Development Goals (SDGs)

1 NO POVERTY

Displaced people often lose financial resources and assets, lack social protection and face higher poverty rates.

2 ZERO HUNGER

Deprivation and marginalization can increase food insecurity and malnutrition for displaced people.

3 GOOD HEALTH AND WELL-BEING

Displacement can affect the mental and physical health of displaced people and limit their access to healthcare.

4 QUALITY EDUCATION

Displaced children often face an interruption in their education and may suffer lifelong repercussions.

5 GENDER EQUALITY

Women and girls face heightened risks in displacement and often face more severe consequences.

6 CLEAN WATER AND SANITATION

Large-scale arrival of displaced people can overstretch water resources and systems in host areas.

7 AFFORDABLE AND CLEAN ENERGY

Large-scale displacement can lead to the overuse of energy resources and shortages in host areas.

8 DECENT WORK AND ECONOMIC GROWTH

Displaced people often lose livelihoods and struggle to find new ones due to legal and administrative barriers.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Large-scale displacement can lead to overstretched infrastructure in host areas.

10 REDUCED INEQUALITIES

Displacement exacerbates pre-existing vulnerabilities and impacts marginalized people more severely.

11 SUSTAINABLE CITIES AND COMMUNITIES

The arrival of high numbers of displaced people can be a challenge for urban dwellers and authorities.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Displacement can lead to the overuse of natural resources and to shortages in host areas.

13 CLIMATE ACTION

Climate change can result in more displacement and aggravate conditions for displaced people.

14 LIFE BELOW WATER

Deteriorating wildlife and environment underwater is already forcing coastal communities to move.

15 LIFE ON LAND

Ecosystem deterioration can be a consequence and a cause of displacement.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Displaced people may lack documentation and struggle to access justice and exert their rights.

17 PARTNERSHIPS FOR THE GOALS

Stronger evidence and collaboration can help reduce risks and impacts of displacement.

Annex 3: Activities and instruments for MDBs to support private sector engagement

TABLE 2: POSSIBLE ACTIVITIES FOR MDBS TO SUPPORT PRIVATE SECTOR ENGAGEMENT IN FORCED DISPLACEMENT CONTEXTS, WITH INDICATIVE AFRICAN DEVELOPMENT BANK INSTRUMENTS

Intervention Value	Practical Entry Points	Indicative AfDB Instruments/Tools
Upstream: Strengthen the policy and regulatory environment to lay the groundwork for market participation in displacement-affected areas.		
Provides the enabling conditions for all other interventions by removing legal and regulatory barriers, aligning incentives, and creating a predictable investment climate. Ensures that infrastructure and private sector initiatives are anchored in a supportive policy framework.	**1.** Link policy-based operations to displacement-sensitive reforms in labour laws, right-to-work provisions, freedom of movement, and access to land. **2.** Use national engagement frameworks to embed displacement priorities in national development plans and associated budgets **3.** Convene tripartite reform platforms (government–private sector–development partners) to negotiate investment-friendly measures in displacement-affected regions. **4.** Provision of technical assistance to accelerate reform implementation. **5.** Commission sector-specific legal and regulatory gap analyses in displacement-hosting regions.	**Programme-Based Operations (PBOs)** Un-earmarked budget support linked to agreed reforms (e.g., right-to-work legislation, ID systems, PPP frameworks) framed around economic governance but with the potential to unlock investment in displacement-affected areas. **Technical Assistance Grants** (via special funds e.g. the Fund for Assistance to the Private sector in Africa [FAPA]) support legal/regulatory gap analysis and institutional capacity-building in relevant ministries.
Midstream: Invest in enabling infrastructure to lower the associated costs of doing business and improving market connectivity in displacement-affected areas.		
Reduces structural barriers to market entry by addressing high transport, energy, and service delivery costs. Increases the commercial viability of downstream investments and expands market access for both displaced and host communities.	**6.** Prioritise infrastructure that directly reduces the cost of market participation for displaced and host communities (e.g., transport corridors, market facilities, cold storage). **7.** Structure infrastructure investments to create local value chains benefiting displaced peoples. **8.** Identify multi-use infrastructure (e.g., water or energy systems) that serve both households and productive enterprises while adopting an area-based approaches to increase political appetite. **9.** Provide PPP transaction advisory services to structure bankable PPPs. **10.** Combine sovereign lending with grant components to make investments viable in low-revenue areas.	**Sovereign & Sovereign-Guaranteed Loans (SGLs)** ADB Fully Flexible Loan and ADF concessional loans for large-scale or multi-use infrastructure. **Non-Sovereign Guaranteed Loans (NSGLs)** Fixed Spread Loans, Lines of Credit, and Agency Lines to finance creditworthy SOEs, PPP operators, and local FIs engaging SMEs in infrastructure-linked value chains. **Guarantees (PRGs & PCGs)** De-risk private and PPP infrastructure by covering political, regulatory, and credit risks, enabling investment in low-revenue or fragile markets. **Risk Sharing Credit Guarantees** Partner with local banks to extend affordable, long-tenor local currency loans for infrastructure components critical to business operations. **Technical Assistance Grants** Support PPP transaction structuring and improve capacity for blended finance approaches that improve PPP bankability.

Intervention Value	Practical Entry Points	Indicative AfDB Instruments/Tools
Downstream: Create incentives for private actors to enter underserved markets by offering concessional finance and offsetting early-stage risk.		
Demonstrates business cases in new markets, catalyses replication, and stimulates local economic activity. Builds on upstream reforms and midstream infrastructure to sustain long-term investment and job creation.	**11.** Offer risk-sharing facilities and partial credit guarantees targeted at displacement-affected markets. **12.** Create challenge funds or competitive financing windows to attract first movers in priority sectors. **13.** Establish concessional lines of credit for local financial intermediaries linked to targeting the productive capacity of displaced-owned MSMEs. **14.** Provide anchor investments in commercially viable social enterprises or cooperatives employing displaced people. **15.** Co-finance project preparation for private investments that meet inclusion benchmarks. **16.** Support development of local supplier databases to integrate displaced-owned businesses into larger supply chains. **17.** Create or strengthen investment facilitation platforms that specifically connect displaced-owned MSMEs with investors and technical partners.	**Non-Sovereign Operations (NSOs):** advance dialogues with private sector borrowers to include displacement contexts in their investments, with specific inclusion of displaced populations, returnees and hosting communities where possible **Risk-Sharing Facilities & Partial Credit Guarantees** Use AfDB guarantee instruments to reduce lenders' exposure in displacement-affected markets. **Lines of Credit (LOCs)** Provide targeted LOCs to local financial intermediaries for on-lending to displaced-owned or host-community MSMEs. **Agency Lines** Partner with financial intermediaries to directly finance end-beneficiaries in displacement contexts **Local Currency Loans** Provide financing in local currency to private sector projects in displacement-hosting areas, removing foreign exchange risk and improving repayment viability for businesses earning revenues locally. **Equity & Quasi-Equity Investments** Take stakes in commercially viable enterprises, cooperatives, or investment vehicles owned by or employing/ serving displaced people. **Loan Syndication (A/B Loans, Parallel Loans)** Mobilise additional commercial and development finance partners to co-lend alongside AfDB to companies or projects operating in displacement-affected markets, leveraging AfDB's Preferred Creditor Status, structuring finance on favourable terms, and signalling market confidence to attract follow-on investment.
Cross-cutting: Provide market intelligence to reducing perceived risk barriers and filling downstream information gaps		
Enhances the effectiveness of all other interventions by providing data, market analysis, and demand forecasting. Reduces uncertainty for investors and implementers, enabling better targeting and more efficient resource allocation.	**18.** Conduct market assessments and demand analysis. **19.** Integrate displacement-specific data into national and regional investment diagnostics. **20.** Produce sectoral opportunity briefs to inform investor decisions. **21.** Map value chains with potential for displaced inclusion, identifying gaps in inputs, skills, or market access. **22.** Integrate displacement-sensitive data into investment diagnostics and value chain analysis. **23.** Partner with existing data initiatives e.g. the WB/UNHCR Joint Data Centre	**Technical Assistance to National Statistics Offices (NSOs)** Strengthen capacity to collect, analyse, and disseminate data on displaced populations and host communities, enabling integration into national surveys and investment planning. **Project Preparation Facilities (PPFs)** While primarily linked to infrastructure, could be used to finance feasibility studies, socio-economic surveys, and market assessments. **Special Funds** can include analytical components to finance value chain mapping. **Partnership Platforms** Engage in and formally convene joint analytical platforms **Knowledge Products & Advisory Services** Embedded into larger sovereign or non-sovereign operations

Endnotes

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2 Which is now embedded in the Global and Regional Opportunity Window.

3 For the purpose of this report, when referring to Africa, the authors include all African Member Countries of the African Development Bank: Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Eswatini, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Tanzania, Togo, Tunisia, Uganda, Zambia and Zimbabwe.

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66 The trust fund includes the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Islamic Development Bank.

67 At its broadest, the private sector umbrella includes micro-enterprises and informal vendors, small and medium-sized enterprises (SMEs), national corporations, multinational companies, investors, banks, microfinance institutions, social enterprises, business associations, and philanthropic actors. Each of these may be positioned differently in relation to displacement-affected communities, and each require distinct forms of partnership, regulation, and support.

68 The role of private sector is central to GCR's objective of self-reliance and moving beyond a conceptualisation of displaced people as vulnerable communities in need of aid, towards a recognition of their role as economic actors and agents of their own recovery and growth.

69 While many private actors are understandably driven by commercial incentives, such as access to new markets, cost-effective labour, or strategic positioning, they are also motivated by corporate social responsibility, philanthropic goals, or reputational concerns. In Africa alone, more than 1000 companies are formally participating in the UN Global Compact.

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93 The African Development Bank's upstream–midstream–downstream framework for promoting private sector engagement in fragile contexts was established in its 2022-2026 Fragility Strategy, with upstream policy dialogue informing the legal and institutional groundwork for market participation, midstream infrastructure lowering associated costs of doing business, and downstream financing instigating first movers to demonstrate a business case. Each constraint is linked to a specific set of entry points, supporting Governments, MDBs, and development partners more broadly to consider where their comparative advantages lie, and align their engagements around an actionable set of priorities.

94 Recent examples of the African Development Bank's infrastructure investments in displacement contexts include water and sanitation systems in South Sudan and Burundi, off-grid energy access in Mozambique, and investments under the Pemba-Lichinga Integrated Development Corridor Special Agro-Industrial Processing Zone Project.

95 African Development Bank Group, Multinational - Emergency Project to Support the Stabilisation and Recovery of Refugees and Host Communities in the Lake Chad Basin - Project Appraisal Report, December 2023.

96 The initiative targeted Turkana (home to Kakuma and Kalobeyei) and Garissa (home to Dadaab) and was supported by USD 4 million in concessional capital from the PROSPECTS partnership, backed by the Government of the Netherlands.

97 KKCF is five-year initiative led by IFC in partnership with the Africa Enterprise Challenge Fund (AECF), UNHCR, and Turkana County Authority. To date it has supported 127 companies, resulting in the creation of over 8,000 direct and indirect jobs and improved services (including for instance, access to renewable energy and mobile banking services) for the more than 200,000 people in the Kakuma-Kalobeyei area. In combination, KKCF work closely with county government to create a conducive business environment and offers support for the entry of larger companies into Kakuma, through scoping missions, market studies, and if required capacity building; highlighting the complementarity between upstream, midstream and downstream interventions.

98 UNHCR, Strengthening protection and solutions in the context of mixed movements of refugees and migrants, October 2024.

99 These include the 2007 International Conference on the Great Lakes Region (ICGLR) Protocol on the Protection and Assistance of IDPs, the 2017 IGAD Djibouti Declaration on Education for refugees, returnees and hosts efforts to advance regional peace, cross-border cooperation by both the Mano River Union (MRU) and Liptako-Gourma Authority (LGA) as well as in the 2022 Yaoundé Declaration on Solutions in the Context of Forced Displacement, endorsed by seven countries in central Africa to promote sustainable returns and regional cooperation.

100 The IDA19 Regional Window dedicated a 75 per cent allocation to Africa, with a focus on addressing fragility in the Sahel, Lake Chad basin and Horn of Africa.

101 EGRISS, International Recommendations on Statistics [accessed 29 July 2025].

102 Joint Data Centre on Forced Displacement, Statistical Inclusion of Forcibly Displaced and Stateless People [accessed 29 July 2025].

103 The UNHCR Microdata Library, launched in 2019, already hosts 979 datasets on displaced and stateless people collected through censuses, registration or administrative exercises and surveys. See: UNHCR, Microdata library [accessed 29 July 2025].

104 The Forced Displacement Survey, launched in 2023, has already been used in South Sudan and Cameroon. See: UNHCR, Forced Displacement Survey [accessed 29 July 2025].

105 Like many other tools, the use of PPPs in displaced contexts follow the same rationale as in broader development efforts (i.e. strategic cost-sharing to enable improved service delivery and infrastructure). The key difference is that they must be structured with a clear awareness of the downstream benefits for displaced populations, while also making use of an area-based approach. For example, PPPs are being considered for investments into value-chain development and economic inclusion in Turkana West.

106 Nigeria's diaspora bond launched in 2017 often stands as an example of the potential impact these can have, having raised up to USD 330m for infrastructure projects. As of 2024 it is considering another, targeting the remittance potential of USD 1 billion a month.

107 IOM, The Co-Funding Revolution Rewriting Somalia's Recovery Story, July 2025.

108 It is also worth noting that diaspora engagement can take non-financial forms, as seen in Nigeria where diaspora professionals have contributed technical expertise to digital literacy centres and climate-resilient housing design.

109 For example, Acumen, a global non-profit investment organization, through its East Africa FDP Lens Investment Initiative has mobilised philanthropic-backed patient capital to invest in social enterprises that serve or employ forcibly displaced people, absorbing early-stage risk and creating pathways for follow-on investment from commercial and development finance actors. See: Shorey B. et al, "From crisis to opportunity: the power and potential of refugee-lens investing", Forced Migration Review, October 2024.

110 Islamic Solidarity Fund for Development, The Global Islamic Fund for Refugees (GIFR) [accessed 29 July 2025].

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