

ECONOMIC AND SOCIAL IMPACT OF REFUGEE POPULATIONS ON  
HOST DEVELOPING COUNTRIES AS WELL AS OTHER COUNTRIES:  
PARTNERSHIPS WITH BILATERAL DEVELOPMENT AGENCIES

I. INTRODUCTION

1. Conflicts invariably result in degrading existing political and economic systems and in devaluing human and social capital. Refugees, especially in large numbers, put enormous strain on local resources of the hosting country. On the other hand, refugees bring human and material assets and resources. If empowered for self-reliance within an environment that allows socio-economic interactions with the local population, refugees can become agents of the local development. This requires however, a concerted effort between governments, development and humanitarian actors, private sector and UNHCR.

2. The economic and social impact of refugee populations on host countries, especially developing countries, was last considered at the twenty-first meeting of the Standing Committee in June 2001,<sup>1</sup> at which attention was given to UNHCR's catalytic and advocacy role through promoting field-based partnership initiatives, and placing the subject on the agenda of various policy fora. Two specific examples were given: UNHCR's work in the United Republic of Tanzania with the Japan International Cooperation Agency (JICA) in the Kigoma Region of Tanzania and work in the Western Province of Zambia where, together with the Government of Zambia, UNHCR was trying to engage the interest of bilateral development agencies in alleviating the impact of refugees on local communities and their environment.

3. The purpose of this paper is:

- to present some general considerations with respect to working with bilateral development agencies;
- to illustrate UNHCR's catalytic role, with further description of the so-called Zambia Initiative;
- to recall some major features of UNHCR's current policy on partnership.

II. WORKING WITH BILATERAL AGENCIES

4. Bilateral aid is the largest source of development assistance. According to the OECD/DAC Development Co-operation Report for 2001, total Official Development Assistance (ODA) amounted to US \$53.7 billion, of which bilateral aid represented some 67 per cent. This figure has remained relatively stable over the last ten years. Bilateral aid is an expression of partnership between a donor government and a recipient government in addressing the development needs of the latter. ODA is distributed according to the development priorities of a given recipient country as detailed in its Poverty Reduction Strategy Paper, supported by the World Bank, as well as the foreign aid policies and objectives of the donor. This broad policy framework invariably includes the reduction of poverty, and refugees are increasingly perceived by the development community in this broader context. The financial resources provided through bilateral assistance are in the form of loans, grants or in-kind donations. The end-product can be a material investment, a contribution to running costs, technical assistance or technical co-operation (e.g. capacity-building through assignments of experts to ministries).

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<sup>1</sup> EC/51/SC/CRP.16

5. For UNHCR to have effective partnerships with bilateral development partners, and to identify potential resources and opportunities, it is important to understand the policies of each, and their thematic and geographic areas of particular interest. As part of its efforts, shared with the Standing Committee, to identify alternative sources of funding for durable solutions, UNHCR is currently studying the programmes and policies of a range of governmental development agencies in order to ascertain areas of potential convergence of interest. The determining factors remain, however, the interests and priorities of the government hosting the refugees and their willingness to include refugee-affected areas in their national development plans. This is largely dependent on the perception as to whether the proposed initiatives represent some form of additionality.

6. Partnerships with bilateral development agencies are normally part of a larger pattern of partnerships, that includes multilateral agencies, especially United Nations development bodies working in support of the host government's development plans. These mainly include the United Nations Common Country Assessment and Development Assistance Framework (CCA/UNDAF), in addition to the multilateral financial institutions.

7. In its efforts to involve bilateral development agencies in addressing the socio-economic impact of refugees on host developing countries, UNHCR faces a number of challenges, notably that of gaining the support of the host government to extend the work of bilateral development agencies to refugee-hosting areas. Arguments in favour of this essential, preliminary step include the following:

- the "burden" of the host government in assisting displaced populations would be shared more broadly - too often, refugees are regarded as UNHCR's "problem" and responsibility;
- additional services would be brought to refugee-hosting communities, often located in remote and neglected areas, thus enhancing their coping mechanisms;
- the disparities between refugees and hosting communities would be reduced, minimizing frictions, and ensuring greater security at regional and possibly national level;;
- the inclusion of refugees in national priorities as set in the national Poverty Reduction Strategy Papers could open avenues to host governments for additional funding;
- area development programmes could be developed through collaborative action, programming and funding.

8. From the perspective of the bi-lateral development partners themselves, this collaboration serves:

- to build on their commitment to the Millennium Development Goals, which include poverty reduction and peace-building;
- to help create conditions in which refugees may become productive members of their host communities, leading to social integration, peace, security and stability in the region.

9. From UNHCR's own view point, working with bilateral partners presents the following advantages:

- Refugees can be included in framework agreements between national governments and bilateral development agencies, thereby linking self-reliance activities to area development programmes which take into account the needs of refugees as well as host/recipient communities;
- Through the technical expertise of development partners, UNHCR can more easily lay the foundations for longer-term sustainable programmes rather than maintaining costly and protracted care and maintenance situations. This in turn assists UNHCR in meeting its obligations to protect refugees and improve the conditions under which they live while paving the way for durable solutions.

- The potential of refugees as agents of peace and development could be recognized.
- UNHCR could share its experiences on displacement situations, contributing to the collaborative effort for planning, programming and funding.

### III. THE ZAMBIA INITIATIVE

10. This initiative provides a good example of many of the issues raised in this conference room paper. While making no claim to be a perfect model, it demonstrates a combination of theory and practice, with good prospects for success.

11. The initiative owes its origin to a visit to Zambia in January 2001 by the then Assistant High Commissioner, when the Government of Zambia raised the issue of the adverse impact of refugees and the need to bring support to local communities. The Zambian Government specifically requested UNHCR to play its catalytic role in encouraging donors and development agencies to contribute to the development of refugee-hosting areas in the Western Province, a poor and under-developed area hosting sizeable numbers of refugees.

12. As follow-up, a joint UNHCR/UNOPS pre-feasibility mission was fielded in June 2001. It explored the possibilities of building on and/or extending the existing development activities in the Western Province to address some of the needs of the host population, as well as those of the refugees. This then gave rise to detailed discussions with major donors, United Nations agencies, NGOs, World Bank and Government ministries and departments, on an integrated approach to the infrastructure and social-economic development of refugee-hosting areas, building on the development initiatives already being undertaken in the Western Province. It was felt that such an approach would not only help the national hosting communities, but be more likely to contribute to an enabling environment and enhanced security for refugees in the camps and for those spontaneously settled along the border.

13. The Government of Zambia reaffirmed its intention to build on positive aspects of refugees by including them as a higher priority on its development agenda, by reallocating some existing resources to refugee-hosting areas and by seeking additional resources. This holistic approach thus addressed poverty reduction of nationals, and empowerment of refugees and receiving communities, through community-based development programmes facilitating their self-reliance pending durable solutions.

14. An informal meeting to explain the initiative was held with the donors on 3 October 2001, at the time of the fifty-second session of the Executive Committee. From November 2001 to mid-February 2002, the joint team worked further on the analysis, verification of data and information gathered during field trips and meetings in Lusaka. Their findings were presented to the Ministry of Home Affairs, the Ministry of Finance and Economic Development and donor embassies. Similarly, briefings of the United Nations agencies and the World Bank were organized to seek inputs and advice, as well as support for the initiative.

15. A two-week donor mission was then organized from 18-28 March 2002. It included representatives from the United States of America, Japan, Denmark, Sweden, South Africa, the European Union, and the African Development Bank, as well as the Government of Zambia and UNHCR. Its terms of reference and findings are contained in the report "Zambia Initiative. Refugee-Hosting Community Development Programme", issued that same month. These may be summarized as follows:

- The level of ownership of the Zambia Initiative by the Government, was noted with satisfaction;
- The mission also noted that the Zambia Initiative was already part of the UNDAF for Zambia; in addition, it was noted that the national Poverty Reduction Strategy Paper (PRSP), reflecting the country's priorities and plans, was being revised at the time of the mission, and recommended that the Initiative be added to the list of instruments it contained.

- It was agreed that the Initiative should not be developed in isolation, but should form part of the development planning and strategy of the Western Province in order to link up with other programmes in the Western Province, namely those of the Government, NGOs, Cross-Border Operation (CBOs), United Nations agencies and bilateral donors.
- The mission took note of the fact that there were a number of stakeholders involved in the Zambia Initiative, including the Zambian Inter-Ministerial Committee established for the Zambia Initiative, civil society, community and traditional leaders whose role would need to be carefully worked out; similarly, the role of United Nations agencies, and partnerships including those with UNHCR, UNDP, UNICEF and FAO also needed to be formulated.
- In order to address the under-development of the Western Province, the mission foresaw two pillars for the Zambia Initiative poverty reduction; and empowerment of refugees and integration, pending durable solutions.
- The mission recommended that the objective of "poverty reduction" should take into account the cross cutting issues of governance, gender and HIV/AIDS. It endorsed the proposed priorities (listed below) set by the communities for the Zambia Initiative.
  - a) Agriculture (including livestock).
  - b) Health.
  - c) Education and skills development (including vocational training).
  - d) Infrastructure and natural resource management.
- The mission stressed that sector-specific activities should be undertaken within agreed overall priorities and policies of the Government of Zambia's development plans, and suggested the following approach in the formulation of projects:
  - a) community involvement in identifying priorities.
  - b) collective agreement on target goals to improve the situation.
  - c) linkage between each project and the overall goal
- With regard to financial management, the mission noted that each donor had its own processes, mechanisms and operational modalities. As the Initiative brings together a range of partners, each will continue to implement specific projects according to its own financial rules and procedures. Earmarked activities would, however, be co-ordinated by the Secretariat in order to have a holistic approach and avoid duplications. The mission also noted that most of the core group of donors already had structures for implementation of their regular activities which would also be used for the Initiative, but that there could be others donors who might wish to join the Initiative but who did not already have such structures in place. In that case an arrangement for handling funds would need to be put in place.
- The mission also recommended that as this Initiative would bring together a range of donors, a Co-ordination Forum would need to be put in place that would include the Zambia Government and UNHCR. Its modalities and framework would be further elaborated by the team comprising the Government of Zambia, UNHCR and UNOPS.
- The mission agreed that the Co-ordination Forum would review progress each quarter and that the first quarterly review would be carried out by 30 June 2002. The team is currently working towards the targets set forth by the mission.

#### IV PROMOTING PARTNERSHIP

16. It will be recalled that in mid-2001, the High Commissioner launched a process to renew a culture of partnership in UNHCR and to build more meaningful collaboration with other agencies working on behalf of refugees, especially United Nations agencies and programmes, intergovernmental bodies,

NGOs, and bilateral development agencies. These partnerships need to be seen in the context of UNHCR's efforts to build and nurture its fundamental partnerships with governments.

17. A Task Force on Partnership, led by the Director of the Division of Operational Support, presented some initial conclusions to the High Commissioner in December 2001, mapping out ways to promote a renewed culture of partnership throughout the Office, and to forge a more strategic approach to partnerships. Part of this work focused on the United Nations system and other /international organizations, the other concentrated on non-governmental organizations.

18. Some common, over-arching issues emerged, notably that partnership was not an end in itself, but that its value should be measured against its impact on the quality of the Office's work and the well-being of its beneficiaries. Furthermore, partnership needed to be seen as a process, augmenting the Office's limited resources, both financial and human, through enhanced collaborative efforts. It also noted that in drawing up a strategy to renew a spirit of partnership, the focus should not be on a plethora of initiatives, but rather on a small number of initiatives with a "multiplier" or "ripple" effect; in other words, a strategic approach should be able to identify a number of key areas where the Office should focus its energies and resources, to the greatest effect.

## V. CONCLUSION

19. The various aspects of working with bilateral agencies and the specific example provided in this paper, are to be seen as part of the broader objectives outlined above. UNHCR will continue to reinforce its partnership experiences, and advocate joint planning and programming with development actors. In doing so, UNHCR will seek to strengthen its catalytic work encouraging development agencies and the relevant governments (of both asylum/returnee countries) to include refugees/returnees in their area development activities. This collaboration should bring about a greater qualitative change in the life of the refugee/returnees, and decrease their reliance on care and maintenance programmes as they move towards durable solutions. While creating a more dignified life for the refugees themselves, it should also help towards the overall aim of reducing the negative social and economic impact of their presence on host communities, as well as reducing the poverty of the local population and contributing to development.