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Background and Talking Points

3rd Thematic Meeting – Global Compact on Refugees

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11h00-13h00

Palais des Nations, Room XVII

Background (Summary of concept paper provided by UNHCR)

The international community has recognized that large movements of refugees and protracted refugee situations pose simultaneous humanitarian and development challenges. Through mechanisms for increasing and better coordinating humanitarian and development assistance, the international community can address these challenges in a manner that advances the development of hosting countries, while also supporting the protection of refugees and the search for solutions. This panel will consider how the programme of action can support measures to:

- (i) strengthen humanitarian financing, including in line with “grand bargain” commitments;
- (ii) **mobilize substantive development support** wherever possible for host countries and communities; and
- (iii) ensure greater complementarity between relief and development programmes.

Possible suggestions for the programme of action

As part of a comprehensive refugee response, hosting States will be able to rely on additional humanitarian and development funding for refugees through long-term and predictable partnerships between multilateral and bilateral humanitarian and development actors. Actors could variously include UNHCR, OCHA, the World Bank Group, the IMF, the OECD, UNDP, the WTO, UNCTAD and other relevant international and regional bodies, as well as bilateral donors.

Potential actions could include:

- building capacities to identify and address data and evidence gaps related to refugees and their host communities, including household-level data on welfare and poverty of refugees and local communities;
- a ‘mapping exercise’ to measure the evolution of the needs, contributions and costs of hosting refugees to inform medium- and longer-term development and financial assistance;
- **additional development assistance for refugee-hosting countries to address the development impacts of displacement on local populations, building on existing practices and tools (including the forthcoming guidance note for OECD-DAC members to improve development programming in situations of forced displacement);**
- factoring the economic and social costs of hosting refugee populations into the programmes of international financial institutions, including in the conditions of financial lending schemes and grant-based assistance, building on existing models (including WB’s International Development Association (IDA) refugee and local community sub-window and the Global Concessional Financing Facility, as well as the IFC’s financing for the private sector);
- “beyond aid” approaches, such as preferential trade and investment arrangements, with the support of UNCTAD, the WTO and regional bodies;
- innovative financing mechanisms, such as social impact bonds; and
- Dedicated climate financing for refugees and local communities living in climate change hotspots, through new partnerships with the Green Climate Fund and other donors.

Talking points

First, I would like to **thank UNHCR for organizing this panel**. I am here today because we at the OECD strongly believe comprehensive solutions for refugees can only be realised through inclusive policies that recognise the lead role played by host governments, the need for expanded partnerships, and better forms of financing. As we discuss the importance of mobilizing more resources for humanitarian and development assistance, I would argue that we need to look beyond delivering more aid, and expand our efforts to ensure better aid delivery. **Making development assistance effective and efficient in contexts of forced displacement should be our top priority.**

Recently released preliminary ODA figures show that overall **development aid increased by 8.9%** in 2016. This is a clear sign that, despite the challenges they face, donors continue to uphold their commitments to address global poverty and to meet the needs of the most vulnerable. However, ongoing humanitarian challenges, particularly large-scale refugee and migrant movements across the Mediterranean, continue to affect the way ODA is allocated. During this same period, we also saw in-donor refugee costs rise by **27.5% to reach USD 15.4 billion**, while bilateral net ODA to least developed countries, **which host 26% of the world's refugees, fell by 3.9%** since 2015.

I cannot emphasise enough that any conversation on making development co-operation work for refugees globally cannot afford to ignore ongoing discussions on in-donor refugee costs in DAC member countries. Consistency in accounting for in-donor refugee costs will **support co-ordinated planning for both domestic refugee expenditures and development cooperation interventions**, ensuring that one is not undertaken at the expense of the other, but that both are part of an **integrated response to large-scale refugee movements**.

While the OECD has a long history of working to increase overall aid effectiveness, we know forced displacement is a cross-cutting issue that transcends normative policy areas. We cannot continue to do business as usual if we seek to truly make development cooperation work for displaced populations and their host communities. We must address **existing institutional and policy barriers**, if we are to make development co-operation more effective. We must also acknowledge that gaps in the international community's support for countries facing humanitarian and conflict-related challenges may have contributed to the refugee crisis. . For example, **aid to sub-Saharan Africa has fallen by 0.5%** - a worrying trend given that four of the **top ten refugee-hosting countries are located in this region**.

So how do we work together to deliver the right finance? **We need increased predictability and flexibility in financing**. In response to the Syria crisis, we saw the World Bank and other international financing institutions mobilize **new financing mechanisms**, providing a welcome example of flexible financing in support of host countries. The international aid community *must* remain committed to their promises to make financing **multi-year and un-earmarked**. Predictability in financing can also be enhanced if there is a clearer division of labour, or at least **greater communication of funding intentions**, among donors. Additionally, donors are encouraged to invest in enhanced communication and collaboration in-house, as funding modalities for refugee programming tend to follow a

compartmentalised approach, with humanitarian and development funding channelled through different budget lines and departments in donor organisations.

We must also encourage **better alignment** between donor funding and national, sub-national, and local development plans. We know from the examples of Uganda and Jordan that including refugees in National Development Plans can help to mitigate tensions between host and refugee communities, and can expand protection space for refugees and provide development opportunities for their hosts. Development co-operation should aim to **strengthen institutions in countries of origin and asylum**, and promote the design of national financing strategies which take into account the long-term prospects of displaced and host populations, mitigate existing risks, and help build resilience against future shocks.

We must emphasise accountability in relation to how and where the money is spent. As I witnessed during a recent visit to Uganda to attend the Solidarity Summit, in many cases host governments do not have a clear picture of how much funding was received or how the aid rules affect the allocation of funding. In this context, the concept of “**country programmable aid**” (CPA), which is a subset of ODA flows, can provide a better estimate of the volume of resources transferred to developing countries. We also need to encourage donors to make efforts to improve information sharing on humanitarian and development funding streams. **Knowing who is receiving what funding and when** will provide for better linkages between these two sectors and facilitate complementary responses.

We must also look to **increase financing resources from non-traditional actors**, including the private sector, philanthropic foundations, diaspora and displaced populations themselves. We know for instance that when refugees are given the opportunity to work, they often contribute more to their host communities than aid. It is necessary therefore that we also expand our vision of refugees as simply recipients of aid and also focus on opportunities of self-reliance and their contribution to local economies. The **private sector** in particular can finance jobs, infrastructure, innovation and social services. However, a better understanding is needed of the **enabling factors, as well as the constraints**, for businesses and investors interested in addressing sustainable development challenges, particularly in the complex settings which characterize situations of forced displacement.

Last, but certainly not least, **more financing for resilience** is needed to address the needs of those who are left the furthest behind. It is estimated that 60% of the global poor will be living in fragile contexts by 2030. Fragile or conflict-afflicted countries such as Afghanistan, Bangladesh and Somalia, are home to the majority of the world’s extreme poor *and* host large numbers of refugees and IDPs. Yet sectors like **early recovery and livelihoods, shelter and agriculture**, which can contribute strengthening the resilience of affected communities, remain underfunded. We cannot afford to lose sight of the persistent vulnerabilities that exist in countries prone to fragility and violence. If we do, it is doubtful that we will see a reduction in the numbers of displaced populations any time soon. We must ensure that finance aims to address fragility– and that we offer displaced populations the opportunities to be able to provide for themselves and their families. **We must ensure our interventions safeguard individual rights and recognises the needs and aspirations if refugees. Without this we miss the mark - our financing will not be effective if it is not human-centred.**

In November, the OECD will publish a guidance document for donor policymakers and practitioners working in situations of forced displacement, **which has been widely endorsed by members of the Development Assistance Committee (DAC)**. The guidance provides specific recommendations and key actions for donor member countries, some of which relate to some of the aspects we have discussed today. We call on the international donor community to step up efforts to mobilise new resources and to capitalise on new partnerships that drive innovation, revive investment and accelerate growth. We also underscore the importance of remaining committed to **reforming and adapt our policies and tools**. The future of development co-operation will be defined by our ability to respond in an accountable and inclusive manner to the very complex, demanding, and global challenges we face today and by our willingness to scale-up solutions for the long-term.