

Since its founding at the Bretton Woods Conference, the World Bank has played a central role in the global governance of economic development. The organization's key goals are ending extreme poverty and promoting shared prosperity.¹ Its agenda has also come to link 'poverty' with 'global insecurity', as arguably seen in the Global Concessional Financing Facility Project.² Valued at \$1.5 billion, the project offers concessional financing to low-and middle-income countries (particularly in the MENA region) hosting large numbers of refugees to supposedly help relieve their 'burden'.³ Unfortunately, it possesses some considerable flaws. Generally, the issues in the program concern how it is unduly influenced by the interests of the Global North, thereby lacking in benefit for the underdeveloped countries that actually need the aid. This paper analyzes both the political and economic shortcomings of the Concessional Financing Project. Based on this analysis, it recommends political reform through more equitable responsibility-sharing in the international community; and economic reform in a shift away from loan-based aid to strategies that promote self-reliance and social integration among refugees.

Firstly, this project runs the moral risk of making refugees pawns in a game of chess between the host nations and the donors. There are troubling implications of how the World Bank's agenda in this project is being unduly influenced by the political interests of the

¹ World Bank Group, "An Overview of the World Bank Group Strategy," (Washington, DC, © World Bank, 2013), 1.

² Pereira, João Márcio Mendes. "Recycling and Expansion: An Analysis of the World Bank Agenda (1989-2014)," (Third World Quarterly, 2016), 830.

³ Easton-Calabria, Evan. "The World Bank, International Loans, and a Brief History of Refugees and Development." (SAIS Review of International Affairs, 2017), 5.

Global North (Western Europe and North America). The World Bank is ineptly handling the political pressure from large donor countries of the Global North who advance their own strategic interests by providing aid to particular countries.⁴ Specifically, donors provide aid to the refugees' region of origin in hopes of preventing their further relocation to the Global North.⁵ Primarily, refugees come from countries within the MENA (Middle East and Africa) region, re-settling in other countries still within the region. On a surface level, refugees flee primarily to neighbouring countries to seek immediate safety. However, international accords that stipulate the refugees being hosted in nearby humanitarian camps is a deeper underlying reason for this phenomenon.⁶ Notably, the majority of refugees have not been permitted access into the safer and more developed Global North.⁷

Furthermore, most refugees remain in their host countries for many years; with nearly 50% in interminable situations lasting over a decade.⁸ Therefore, the assistance provided for refugee-hosting countries are often insufficient for host countries, impacting their ability to effectively provide basic public services and resources. The loans offered by the Concessional Financing Project are not doing enough to help the host countries. Despite below-market interest rates, countries are becoming increasingly indebted in hosting

⁴ Winters, Matthew S. "What Types of Countries Get Different Types of World Bank Projects" (World Politics, 2010), 428.

⁵ Easton-Calabria, 5.

⁶ Cavusoglu, Rana, Gamze Aktuna, Ekin Koc, Dilek Aslan, and Marwa Osman. "Global Overview of Refugees," (Eastern Mediterranean Health Journal, 2019), 437.

⁷ World Bank. "A Development Approach Supporting Refugees and Their Hosts" (Washington, DC: World Bank, 2017), 22.

⁸ UNHCR. "Forced Displacement in 2015" (UNHCR, The Refugee Agency, 2016).

refugees.⁹ As Dreher et al. put it, “when...aid saves lives, but fails to deliver...development, the pool of potential refugees increases.”¹⁰ Based on this, reform is clearly needed. Luecke and Schneiderheinze argue that the G20 leaders, as representatives of the world’s leading economies, are best positioned to address the current subpar performance in refugee-related development aid. Furthermore, they argue that development finance is key for an effective, long-term strategy that will address the shortage in public services by providing employment opportunities for refugees.¹¹

Hansen builds on Luecke and Schneiderheinze’s position, arguing that the key to addressing resource-shortage in host countries is the self-reliance strategy, which states that: “allowing and encouraging refugees to work and to create businesses will provide them with more resources to improve their quality of life, [and] make them less reliant on temporary and often inadequate humanitarian aid...”¹² Central to effective self-reliance is ensuring that refugees can support themselves and their families and contribute to their communities. In particular, educational and work opportunities enable refugees to contribute to their countries of asylum.¹³ Türk identifies cash-based programming (in contrast to the project’s loan-based aid to the governments of host countries) as a mechanism of fostering self-

⁹ Easton-Calabria, 11.

¹⁰ Dreher, Axel, Andreas Fuchs, and Sarah Langlotz. “The Effects of Foreign Aid on Refugee Flows” (European Economic Review, 2019), 130.

¹¹ Luecke, Matthias and Claas Schneiderheinze. “More Financial Burden-Sharing for Developing Countries that Host Refugees” (Economics: The Open-Access, Open-Assessment E-Journal, 2017), 2.

¹² Hansen, Randall. “The Comprehensive Refugee Response Framework” (Journal of Refugee Studies, 2018), 139.

¹³ Türk, Volker. “Prospects for Responsibility Sharing in the Refugee Context” (Journal on Migration and Human Security, 2016), 55.

reliance and economic empowerment among refugees.¹⁴ It can also potentially create greater social integration by reducing tensions between host communities and refugees due to its power in stimulating host countries' economies.¹⁵

Economically, if refugees receive ample cash-based assistance from international donors and are permitted to work by host countries, their reservation wage (the lowest wage rate a worker is willing to accept) will typically increase, thereby easing the labour competition on local workers who are being undercut by the cheap labour refugees provide.¹⁶ Legitimizing refugees' ability to work in their host countries creates a supply-side shock in the labour market while the cash-based foreign aid constitutes a demand-side shock in the good markets. Combined, this may generate increased growth throughout the entire economy.¹⁷ Uganda in the early 2000s is an excellent example of the feasibility of this strategy: refugees were fully engaged in the Ugandan economy, working in agriculture and business. Consequently, just 1% of refugees depended entirely on aid.¹⁸ Ultimately, adequate international funding for the basic needs of refugees will generate aggregate economic gain for the host country. Therefore, adequate development aid for refugees contributes greatly towards equitable burden-sharing between the host country and the international community.¹⁹

¹⁴ Türk, 53.

¹⁵ Türk, 53.

¹⁶ Luecke and Schneiderheinze, 5.

¹⁷ Luecke and Schneiderheinze, 4.

¹⁸ Hansen, 140-141.

¹⁹ Luecke and Schneiderheinze, 5.

However, enabling refugees to work within their host-countries necessitates their legal status and rights within host countries to be re-evaluated. Refugees' legal status in these countries are often insecure and does not give them the right to work, thereby hindering their ability to economically and socially integrate into the host country.²⁰ The underlying reason behind this issue is often tied to extremism fears and security risks, which arguably contributes to host countries' wariness towards providing refugees with full civil rights. In this context, Türk's proposal holds special significance in that the protection of refugees must be considered equally alongside security measures. Türk cites advanced screening to identify individuals at risk (e.g., children) in order to connect them with corresponding support services, and remove them from the influence of smugglers/traffickers that often prey on vulnerable refugees. Furthermore, legal procedures should be coupled with community policing and engagement with refugees within host countries in order to counter extremist mindsets within local communities.²¹ Host communities knowing and valuing refugees is a potent means of countering the influence of extremist forces that target the most disenfranchised of refugees towards violent extremism.²²

Finally, more equitable sharing of responsibility amongst the international community for refugee relocation is essential. There is a disproportionate burden placed on middle- and low-income countries in the MENA region to host refugees, fuelled by the containment-focused political agendas of the Global North. Hansen emphasizes this, arguing that the

²⁰ Luecke and Schneiderheinze, 3.

²¹ Türk, 52.

²² Türk, 53.

states of the Global South must continuously exert pressure on the Global North – especially those in Europe, since geographically they are sitting right on top and closest to the waves of violence and instability driving the refugee crisis in the MENA region. Without funding from the Global North, the Global South is incapable of handling the sheer scale of mass relocations.²³ This requires a significant political movement in which the MENA host states must unify to lobby the rest of the international community to take more responsibility in hosting refugees. In lobbying this reform, the involvement of the G20 must also be solicited as the economic powers of their countries are needed to enact such a reform. Although a policy reform of this scale and complexity is undoubtedly extremely difficult, and some critics may even say is unfeasible in the current political climate, it is what is needed for the international community as a whole to resolve the refugee crisis more effectively for all parties involved.

Ultimately, the political motives of containing refugees in the MENA region and out of the Global North negatively impacts the outcome of the project. The loan-based mechanism of the project has proved to be inadequate in supporting the host countries of the MENA region deal with the heavy influx of refugees. Moving forward, what is needed is for more equitable responsibility-sharing amongst the entire international community. This is achievable by focusing on cash-based assistance that develop refugees' self-reliance and integration into their host countries. Mass migrations of refugees is not a new trend in human history, but it is one that is continually growing in scale and complexity. If the

²³ Hansen, 145.

international community is to achieve an effective resolution in dealing with this crisis, then it will require the full efforts of all countries, particularly the leadership of the G20 and the MENA states.

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