



MODERNIZING THE U.S. REFUGEE RESPONSE OVERSEAS

November 2020

Introduction

The U.S. government should leverage its diplomatic leadership to reinvigorate and modernize the international response to protracted refugee crises, and reclaim its position as a leader in refugee response.

The international response to protracted refugee crises has suffered without U.S. leadership over the past four years. The 2016 Leaders' Summit for Refugees and the U.S. government's support for the creation of the World Bank's refugee-focused financing mechanisms were groundbreaking. Although these promising approaches had started to drive positive outcomes for refugees and hosts, for instance through the Jordan and Ethiopia compacts, their impact was stunted without continued U.S. diplomatic leadership, financing and accountability. In addition, lessons from these early compact agreements—including the utility of “beyond aid” tools such as trade concessions to help generate job opportunities and economic growth—were not applied when new protracted displacement crises emerged, such as in Bangladesh and the Venezuela region. Instead, the U.S. response to these more recent displacement crises has been piecemeal and inadequate.

Since 2016, 14.5 million more people have been displaced, including over [5 million](#) in the U.S.' backyard due to the crisis in Venezuela. Current responses to refugee crises are not fit for purpose and not responsive to the trends of displacement—namely: refugees remain displaced for a decade on average; less than one percent of refugees are resettled annually while only seven percent of refugees were able to return home last year; and the majority (60%) of refugees live in urban, not camp, settings. The traditional tools and approaches for responding to displacement crises, such as short-term financing and in-kind assistance, are out of step with these realities. While the international aid community has made a rhetorical pivot in recent years towards longer-term financing that can meet longer-term needs and support refugee integration—including through the New York Declaration for Refugees and Migrants and the Global Compact on Refugees—there has not been a fundamental shift in how refugee responses are funded, coordinated and implemented. Without a new approach, tensions between host communities and refugees will continue to rise, the gaps between financing and needs will only grow, regional stability and security will be at ever greater risk, and worse, more lives will be unnecessarily lost.

A future U.S. Administration should make three core changes in the U.S. approach to refugee crises abroad.

1. Reinvigorate and institutionalize the compact approach.

Country compact agreements—first piloted in Jordan, Lebanon and Ethiopia by the U.S. in close collaboration with the United Kingdom, European Union and World Bank—are an [effective approach](#) to help meet the needs of refugees and hosts in protracted displacement situations. Compacts can bring together global and national actors to agree on a set of financial and policy commitments with a long-term time horizon. To date, country compact agreements have been anchored by World Bank concessional financing; however, these financial incentives alone are not always sufficient to generate critical policy reforms. World Bank financing has proven more effective at incentivizing policy change when paired with diplomatic efforts and beyond aid measures, such as trade concessions and private investment. [Lessons](#) from existing compacts also indicate compacts are most impactful when they use joint needs analysis and planning, pool funding from a number of donors, and leverage the political and diplomatic weight of the U.S. and others to offer host governments beyond aid support. Despite their promise, without U.S. diplomatic leadership and accountability at their forefront, existing compact agreements have flailed and no new compacts have been introduced.

The U.S. government is uniquely positioned to convene partners—multilateral development banks, host governments, donor governments and UNHCR—to agree to new compacts, to hold partners accountable for outcomes in the lives of refugees and host communities, and to support the implementation of existing compacts by aligning foreign aid projects to the agreements.

In 2021, the Administration should first bring together relevant actors to agree to a compact in response to the displacement crisis closest to its own border: the Venezuelan refugee crisis. In the absence of a compact, the international response to the Venezuela displacement crisis has been severely underfunded; whereas aid dollars per Syrian refugee hit \$5,000 in 2018, it peaked at \$300 per Venezuelan. In addition, each host country has responded with its [own set of policies](#) for displaced Venezuelans. For instance, whereas Ecuador, Peru and Chile now require visas at ports of entry, other host countries only require national ID cards. The bar for access to schools and jobs also varies, with some countries, like Peru, requiring documents proving level of education and validated credentials, and others, like Colombia, admitting students even without such documentation. A lack of harmonized policies creates confusion and could drive a race to the bottom that would put Venezuelans at risk and discourage welcoming policies. A regional compact would bring together multilateral development banks, donor and host governments, and the UN to agree to harmonized refugee policy reforms, increased foreign assistance and new “beyond aid” measures that can benefit host and refugee populations across a number of host countries. Establishing a compact for the Venezuela crisis would also help lay the foundation for a fundamental shift in the U.S. approach to protracted displacement, placing a greater focus on improving the rights of disenfranchised people.

2. Make socioeconomic inclusion of refugees central to the U.S. government's approach in protracted displacement.

The U.S. government should make solutions for protracted displacement a diplomatic priority. Displacement crises today are prolonged, with refugees spending on average more than a decade displaced. Experience has shown that voluntary, safe returns and resettlement—even if scaled up in the U.S.—alone are insufficient solutions for the world's 26 million refugees living their lives in indefinite limbo. Modernizing refugee response means ensuring refugees and their host communities can achieve sustainable development outcomes together. The integration into local hosting communities is often the only durable solution available to refugees, and it is critical for their wellbeing. Without access to national services and the formal labor market, refugees are more likely to experience deepening poverty, food insecurity, malnutrition and exploitation.

There are three major challenges to refugee inclusion. First, the vast majority (nearly 90%) of refugees live in low- and middle-income countries that do not have the resources and capacity to meet refugees' needs as well as the needs of their citizens. Second, many host country national policies, such as those that prohibit refugees from accessing education, health care and the labor market, essentially prevent inclusion. While World Bank financing has helped [incentivize refugee policy reforms](#), it still remains difficult for countries to accept more debt from international financial institutions to support the inclusion of refugees into national systems. Crowding in funding from bilateral donors, including the U.S. and other major donors, could increase grant financing to support policy changes that would better enable inclusion. Third, the vast majority of humanitarian financing is delivered in parallel to development financing, deepening parallel systems for health care, education, protection and livelihoods rather than supporting the integration of refugees into national systems.

The U.S. Agency for International Development (USAID) and the Bureau for Population, Refugees and Migrants (PRM) should make the integration of refugees into host communities a core approach to protracted displacement. Towards this end, U.S. aid agencies should break down its own siloes across humanitarian and development responses, such as through establishing shared outcome objectives and conducting joint planning, as well as through providing more flexible and longer-term humanitarian financing to partners. In addition, the U.S. should work with other donor countries, the UN system, international financing institutions, and host governments to achieve meaningful and successful integration of refugees into national development plans, social services, such as education and health, and the local economy, such as through access to the formal labor market.

3. Implement more and better-quality funding for protracted displacement situations.

Increase multiyear, flexible financing for humanitarian response.

Evidence shows that multiyear humanitarian financing is [effective and more efficient](#). The U.S. government has provided a significant portion of its foreign aid as multiannual grants; however, this financing has primarily gone to UN agencies that are not incentivized or directed to pass the financing on to implementing partners in multiyear tranches. The U.S. government should continue to increase its share of multiyear grants not only to UN agencies but directly to NGOs. It should be more transparent about this financing in its reporting OCHA's Financial Tracking System (FTS), the International Aid Transparency Initiative (IATI), ForeignAssistance.gov, and the Grand Bargain, for instance by reporting how much US assistance is in multiyear grants and where and to whom that financing is going. The U.S. government should also use its role as a top UN donor to ensure U.S. multiyear financing is passed through to implementing partners in the same form. The U.S. government should set a target amount of multiyear, flexible funding from donors to UN agencies that should be cascaded to partners.

Fund the multilateral development banks (MDBs) and shape their priorities on fragility, conflict and displacement.

Multilateral development financing, particularly from the World Bank, has been some of the most significant financing to hit the humanitarian system over the last four years—not only in terms of investment in programs, but as a lever for national policy reforms that enable refugees to realize their rights. The next U.S. Administration should commit funding for MDB financing mechanisms, such as the Global Concessional Financing Facility (GCFF) and continue to support capitalization of the International Development Association (IDA) Window for Hosts and Refugees, as already [recommended](#) in a report on forced migration developed by Senate Foreign Relations Committee staff. The U.S. government should also use its voting power at the World Bank to ensure financing continues to [leverage critical refugee policy reforms](#) in host countries that receive financial support for refugee response, including to foster the inclusion of refugees in national development plans. It should encourage the extension of this practice to other MDBs, such as the [Inter-American Development Bank](#), which are providing financial support for refugee situations.

Recommended actions to modernize the U.S. response to refugee crises overseas

In the first 100 days of the Administration:

- ▶ **Commit to the development of a regional refugee compact in response to the Venezuelan displacement crisis.** The Secretary of State should announce their intention to convene the World Bank, Inter-American Development Bank, IOM, UNHCR, host governments and interested donor governments around a compact response to the displacement crisis. An interagency group composed of Treasury, State and USAID should support Embassy led efforts to identify country specific policy reform requirements across the region, such as [harmonized policies](#) on entry requirements, documentation,

access to basic services (health, education), access to the formal labor market, and what aid and “beyond aid” measures are needed for host governments to implement those policies such that refugees and hosts can become self-reliant in the long-term.

- ▶ **Dedicate ESF funding** to the World Bank’s GCFF (to support the Venezuela region compact) and bilaterally (for programs aligned to/in support of the compact). This funding can demonstrate the U.S. government’s commitment to responsibility sharing and serve as seed money to help secure financial commitments from other donors.

In the first year of the Administration:

- ▶ **Institutionalize the compact approach** as the U.S. government’s preferred response tool for protracted displacement crises, building on lessons learned from Jordan, Ethiopia and the Venezuela region. Use voting power at the multilateral development banks to ensure that policy reforms remain core to these agreements.
- ▶ **Make the integration of refugees into host communities a core objective of USAID and PRM** in protracted displacement contexts and pilot joint, area-based planning around this objective in 2-3 locations in FY202.
 - > **Announce at the 2021 Global Refugee Forum the U.S.’ commitment to refugee integration as a core solution in protracted displacement**, as well as the U.S. government’s internal commitments and actions towards making integration of refugees a reality.
 - > **Formalize joint planning in protracted crises** as part of the annual budget and planning process and use joint plans to inform Country Development Cooperation Strategies.
- ▶ **Increase multiannual, flexible funding to UN agencies and NGOs** and improve transparency around its multiyear financing through better reporting to FTS, IATI and ForeignAssistance.gov.
- ▶ **Revise U.S. government expectations of UNHCR to ensure the agency is fit for purpose.** As UNHCR’s largest donor, hold UNHCR accountable for: providing longer-term grants to implementing partners, greater financial transparency and accountability for sustainable outcomes, and helping facilitate compact agreements. UNHCR’s core business should be refugee protection (rights and access), rather than programmatic (care and maintenance).
 - > **Require UN partners to disburse multiyear awards commensurate to the multiyear financing they receive from bilateral donors.** As a start, champion a target amount of multiyear, flexible funding from donors to UN agencies that should be cascaded to partners.
 - > **Direct U.S. funding to UNHCR towards building the agency’s capacity to facilitate compact agreements.**

International Rescue Committee (IRC) responds to the world’s worst humanitarian crises and helps people to survive and rebuild their lives. Founded in 1933 at the request of Albert Einstein, the IRC offers life-saving care and life-changing assistance to refugees forced to flee from war, persecution or natural disaster. At work today in over 40 countries and 29 cities in the U.S., we restore safety, dignity and hope to millions who are uprooted and struggling to endure. Visit [rescue.org](https://www.rescue.org) for more information.