

Informational Note on Forced Displacement in Uganda

1. *This note provides background information on the World Bank Group's (WBG) approach to supporting Uganda under the IDA18 sub-window for refugees and host communities¹ – within the context of a broad international effort.²* The note draws on discussions with the Government of Uganda, the UN country team, bilateral and multilateral development partners, humanitarian actors, and civil society organizations in Uganda, as well as field visits to refugee hosting areas in the North West (the West Nile region) and in the South West of the country to engage in consultations with local authorities, refugees and host community members. The WBG will continue working closely with relevant stakeholders and to further engage in consultations as it develops its program further as per its applicable policies.

2. *The note is composed of two parts:* (1) brief background on the situation of refugees and host communities and relevant government policies; and (2) an overview of an indicative WBG program on forced displacement in Uganda.

I. BACKGROUND

A. OVERVIEW OF THE REFUGEE SITUATION

3. *Uganda is currently experiencing one of the fastest growing refugee crisis in the world.* The country has received an average of 1,800 South Sudanese refugees daily since July 2016³, and with a total refugee population of more than 1.34 million, Uganda is currently the largest host of refugees in Africa and the third-largest host in the world. Approximately 75 percent of refugees originate from South Sudan, 17 percent from the Democratic Republic of Congo (DRC), and 8 percent from Burundi, Somalia, Rwanda, and other countries. Most refugees are accommodated in the West Nile region, which is among the poorest areas in the country,⁴ with the remaining settled in the western and southwestern parts of the country and in the capital Kampala. Living conditions for hosts and refugees are likely to deteriorate resulting from continued large inflows of refugees, increased pressure on land and services, and limited resources.

4. *There are several distinct refugee populations, with marked differences in terms of size, demographics, impacts, and prospects:*

- *More than one million of the total refugee population is from South Sudan and settled mainly in the West Nile Region.* About 86 percent are women and children, 58 percent are below the age of 18; they come from a mixed rural and urban background, and have a high incidence of trauma. The hosting communities in this region are among the poorest in Uganda and is still recovering from a protracted civil conflict. In some districts, refugees account for close to 60 percent of the population and are accommodated in increasingly congested settlement areas that have exceeded planned capacity. Overcrowded schools and health centers, water shortages, food distribution delays, and environmental degradation are of key concern. The provision of basic services is also becoming increasingly costly since the population is spread over vast areas, and the sustainability of some settlements is in question. Given the situation in South Sudan, return is unlikely in the short- to medium-term. In this context, the absorptive capacity of the North region is being tested

¹ See Annex I for more information on the IDA18 Sub-window for Refugees and Host Communities.

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³ As of August 2017

⁴ 84 percent of poor households live in the northern and eastern parts of Uganda (2012/13).

while relocation to other parts of Uganda might be challenging in the short-term given ethnic and language barriers.

- ***About 200,000 refugees live in the southwest – the majority is from DRC, others from Burundi, Somalia and Rwanda.*** Most live in well-established settlements on government gazetted land near urban centers. This refugee population includes a mix of new and old arrivals, with recent inflows mainly from Burundi. The southwest region is better developed than the north, with higher agricultural productivity, service provision, access to credit, and economic opportunities. Yet, language is a key barrier to formal employment and integration of services into country systems remains difficult. In general, the relationship between refugees and host communities has been amicable, but like in other settlement area there have been reported grievances of host communities feeling worse off than refugees. There is also a risk of new inflows, given the fluidity of political circumstances in Burundi and DRC.
- ***Nearly 100,000 refugees have decided to settle in Kampala and other urban centers without access to humanitarian assistance.*** These refugees are typically engaged in small and informal business activities. Most struggle to access formal employment, due to language and skills issues. Some urban refugees are moving to the southwest because of the land and livelihood opportunities there.

5. The host communities are in the first line of response when it comes to receiving the refugees, sharing their land and natural resources, as well as existing services. The rapid influx and the protracted stay of refugees is testing the absorption and administrative capacities of these poor and vulnerable communities. According to Ugandan law, refugees can access the same social services as host population, and as a result host community public services are increasingly overwhelmed. Furthermore, expanding refugee settlements is putting unsustainable pressure on land-use and has adverse impacts on natural resources, including water and forests, in the settlements and the areas surrounding them.

6. Refugee women and girls, who comprise 55 percent of the refugee population in Uganda, suffer from heightened social and economic vulnerabilities. Educational enrollment and retention rates are often lower for refugee girls, due to intrinsic norms; high levels of drop out; early marriage; and sexual harassment. There are also widely documented gender disparities in access to, and control of, productive and financial resources, which inhibit agricultural productivity and small business activities. Refugee women's participation in the formal sector is very low, averaging about 9 percent compared to 35 percent for Ugandan women employed in nonagricultural sectors. Of particular concern is the high rate of sexual and gender-based violence (SGBV), although women and girls are often reluctant to report cases of SGBV or seek medical attention or psychosocial support. Refugee women and girls also employ high-risk coping strategies, including early marriage and prostitution.

7. Women and girls in host communities experience similar gender disparities. Despite significant gains in primary female enrollment, female literacy, maternal mortality, and poverty reduction among female-headed households, there are persistent gender disparities in host communities. Women are likely to give birth and marry young, which is a common reason for dropping out of school and, along with differing perceptions of appropriate economic roles for women and men, limits women's income-earning potential. Nearly half of Ugandan women have experienced intimate partner violence, and nearly four of five reportedly accept domestic violence.

8. Uganda is likely to continue to receive inflows of refugees. For decades, Uganda has received successive waves of refugees from neighboring countries. Many of its neighbors face the risk of new or continued instability or conflict over the next decade. The challenge is hence not only to deal with the current crisis, but also to enhance Uganda's ability to manage repeated inflows over the medium-term.

B. THE GOVERNMENT'S APPROACH

Overall approach

9. *Uganda has consistently implemented one of the most progressive refugee regimes in the world.* Under Ugandan law, refugees have the right to move freely, work, establish businesses, access public services, and obtain travel documentation. Refugees are hosted in designated settlements and are typically provided small plots of land for housing and agriculture. Most refugees live alongside host communities and receive humanitarian aid, which in principle is gradually phased out over five years. They can also access services, such as education, health, and water, delivered through a parallel system coordinated by the Refugee Department in the Office of the Prime Minister (OPM), as well as the services available in the hosting districts.

10. *The refugee crisis in Uganda is taking place against the backdrop of rapid population growth coupled with a slow-down in economic growth, which threatens to offset development progress.* Uganda has recorded remarkable reductions in poverty over the last two decades, with poverty rates falling by more than half from 68.1 percent in 1993 to 33.2 percent in 2013. However, these gains are fragile, and for every three Ugandans getting out of poverty, two fall back in. The country also continues to struggle with high fertility and unemployment rates, inefficient and insufficient public service delivery, and vulnerability to climatic shocks, including drought. There are significant differences in poverty levels across regions, with those in the north and west much worse off.

11. *The country's progressive approach has come under stress for two reasons:*

- *Large numbers of new arrivals from South Sudan are putting enormous pressure on host communities, who even prior to the crisis were among the poorest in the country.* This may potentially increase tensions between host and refugee populations. The Government remains committed to its open-door policy, but is struggling with a crisis of a magnitude that could be disruptive for existing policies in the longer run.
- *Despite a favorable legal environment, many "older" refugees have failed to "graduate" from humanitarian aid.* Many refugees remain on the edge of subsistence and face steep hurdles when they live in remote settlements far from markets, do not speak English or local languages, or come from urban settings and lack agricultural skills. Access to secondary education remains difficult due to limited facilities and high tuition. Continued reliance of refugees on external assistance is unsustainable in light of shrinking humanitarian budgets.

Legal and institutional framework

12. *Uganda's refugee laws and policies aim to encourage refugee self-reliance.* Uganda has demonstrated over several decades its commitment to providing adequate protection to refugees. In a region affected by ongoing conflict and violence, and despite its own challenges, Uganda has maintained a very generous policy to refugees, which has deep roots in the country's history.

13. *The status and treatment of refugees is governed by the 2006 Refugee Act and its 2010 Regulations.* Policy, management, and implementation is the responsibility of the Directorate of Refugee Affairs within the OPM, who is represented at national, district and settlement level. First instance refugee status determination is conducted by the Refugee Eligibility Committee, an inter-ministerial, inter-departmental government body established under the Refugee Act. Second instance determination is made by a Refugee Appeals Board, which conducts independent review of appeals.

14. ***Uganda is party to the 1951 Convention and the 1967 Protocol relating to the Status of Refugees, but has made some reservations to the 1951 Convention***, notably to Article 7 (exemption from reciprocity), Article 8 (exemption from exceptional measures), Article 9 (exemption on provisional measures), Article 13 (movable and immovable property), Article 15 (right of association), and Article 32 (expulsion). Uganda also made a reservation to the right to wage-earning employment (Article 17), but this right is provided under the 2006 Refugee Act. At the regional level, Uganda ratified the 1969 OAU Convention Governing the Specific Aspects of Refugee Problems in Africa in 1987.

15. ***The Government is pursuing a long-term development approach, but recognizes that its protection framework is under stress***. Uganda has integrated refugee management and protection into the national development agenda through the second National Development Plan (NDP II, 2016-2020) and the Settlement Transformation Agenda (STA), which supports the development of refugee hosting districts through transformative investments in infrastructure, livelihoods, peaceful coexistence initiatives and environmental protection. A new “shelter approach” is also being discussed to concentrate refugee housing in smaller plots, and to provide semi-permanent structures. This would allow clustered service delivery to households, and release more of the available land for block farming.

Key Protection Issues

16. ***UNHCR has provided the WBG with an overall positive assessment of Uganda’s protection framework for the purpose of engaging in development activities***. UNHCR has also highlighted a set of key protection challenges:

- ***The high proportion of women and girls within the refugee population poses specific protection challenges***. Many female refugees have experienced trauma and SGBV, and there are few specialized services available to provide appropriate treatment. Access to maternal health care, clean water and sanitation services is limited. Education opportunities beyond the primary level are scarce for girls, which constrains their economic and employment prospects.
- ***The policy of distributing land to refugees for subsistence farming has become harder to maintain due to the growing scale of the crisis*** and there is an urgent need to also improve economic opportunities and social service delivery for host communities. Looking ahead, this tension poses a key challenge to the country’s current approach as the pressure on land continues.
- ***Rapid refugee influx coupled with population growth have placed growing pressure on natural resources and social services***. For refugees, achieving basic food security is difficult on the small plots of land they receive. While refugees have the same right to education as nationals and may register in Ugandan schools, many schools in settlements are overcrowded, particularly secondary schools. Primary health care is available in settlements, and refugees can be referred to district and regional facilities for secondary care, but the steep increase in refugees is placing increased pressure on these facilities to maintain service quality with limited resources.
- ***While refugees have freedom of movement, those who leave rural settlements to seek economic opportunities in cities forfeit access to regular humanitarian assistance***. Pursuing livelihood opportunities in cities implies competing directly with nationals in the informal sector, which can hinder self-reliance and raise protection concerns for some refugees.

Government's strategy moving ahead

17. ***During the September 21, 2016, Leaders' Summit, Uganda pledged to maintain its progressive approach to the management of refugee issues.*** Uganda is a pilot country for the Comprehensive Refugee Response Framework (CRRF), which was launched by the OPM and the UNHCR in March 2017, and builds on the existing Refugee and Host Population Empowerment (ReHoPE) strategic framework. The objectives of the CRRF in Uganda are to: (i) maintain Uganda's progressive policy towards refugees, and protect asylum space; (ii) support the resilience and self-reliance of refugees and host communities; and (iii) expand solutions for refugees, including third country options. The Government is establishing a CRRF secretariat and steering committee to lead and coordinate the overall humanitarian and development responses to the refugee crisis.

18. ***In June 2017, the Government hosted the Uganda Solidarity Summit on Refugees together with the UN to showcase the Uganda model of refugee management, protection and social integration, and mobilize international financial support.*** Some of the key outcomes was the adoption of the *Kampala Declaration on Refugees* and a pledge of more than US\$350 million in international financial support to Uganda's refugee situation.

19. ***More recently, the Government has shared with the WBG a series of priorities it intends to pursue to help address the increasingly difficult situation.*** These priorities outline specific activities that aim to bolster the country's protection framework and promote medium-term socio-economic solutions for refugees and host communities. They include:

- ***Ensuring access for refugees and host populations to quality, efficient, and integrated basic social services***, with a focus on health, education, and the prevention of SGBV, as well as the integration of such services with local government systems and social protection mechanisms.
- ***Enhancing economic and social infrastructure in refugee-hosting areas*** through the provision of electricity and alternative energy options, construction and maintenance of community and market access roads, and building and maintaining water and solid waste disposal systems.
- ***Improving economic opportunities for refugees and host communities***, especially women and youth, through medium term efforts focused on improving living conditions, diversifying livelihoods options, building resilience, and reducing dependency.
- ***Strengthening natural resources management and energy access in refugee-hosting areas***, with a focus on gender-responsive interventions that reduce the impact of climate-induced disasters and environmental degradation on livelihoods, production systems, and resilience.
- ***Implementing a shelter strategy and enhancing settlement land planning***, including by incorporating agricultural zoning based on soil and watershed analysis, as well as promoting land regeneration and semi-permanent structures that provide a dignified home for refugees.
- ***Enhancing the capacity of line ministries, departments, agencies, and local governments*** to address the refugee influx, including through provision of additional staff and by conducting integrated planning to meet minimum standards in delivering key public services.
- ***Strengthening access to justice and rule of law in refugee hosting areas*** by continuing to ensure settlements are governed in a way that respects the rights and obligations of refugees.

- *Sustaining asylum space and enhancing emergency assistance for refugees* through a strengthening of government systems for registration, security and health screening, biometric registration, and transportation of new arrivals.

20. *Implementation of the Government’s prioritization and preservation of its progressive protection framework will be challenging in light of increasing pressure from continued inflows.* The Government’s strategy represents a long-term vision and addresses the key challenges faced by refugees and host communities in Uganda. Implementing the Government’s agenda extends beyond the IDA18 implementation period and calls for institutional reform and strong coordination across government agencies as well as strong support from the international community, including the WBG.

II. INDICATIVE DIRECTIONS FOR A WBG PROGRAM

A. ONGOING PROGRAMS AND ACTIVITIES

Overview of other partners’ activities and gaps

21. *Humanitarian actors have supported Uganda on refugee issues for several decades (e.g., WFP, UNHCR, ECHO, key bilateral agencies, international and local NGOs).* In the context of competing crises around the world and shrinking humanitarian resources, many such partners have adjusted their programs to focus on the South Sudanese emergency, but even these efforts remain significantly underfunded. Most humanitarian activities are delivered through international and local NGOs with limited ability to integrate medium-term socio-economic developmental perspectives in their programming and align with government interventions and country systems. This has amplified the need for development assistance, which facilitates sustainable solutions to protracted refugee situations.

22. *Partners are increasingly engaging through the ReHoPE strategic framework facilitated by the UN country team and the WBG.* ReHoPE is a transformative strategy to support the Government’s STA and aims to bring together humanitarian and development under a cohesive framework. ReHoPE’s objectives are to: (i) enhance basic social service delivery in terms of access, quality, and efficiency; (ii) improve economic opportunities and sustainable livelihoods; (iii) address environmental degradation; and (iv) strengthen national and community institutions. The WBG and UN agencies have made significant commitments to ReHoPE, as have bilateral partners and NGOs, and future support from the WBG will be aligned with ReHoPE principles.

Selected lessons from WBG experience

23. *Within its Country Partnership Framework (CPF), the WBG has engaged in a number of activities that provide lessons for scaled-up engagement on responding to the refugee crisis.* These include the Northern Uganda Social Action Fund (NUSAF 3), which aims to provide income support to, and build the resilience of, poor and vulnerable households in Northern Uganda, as well as a series of projects in key sectors, such as education, health, agriculture, energy, and urban development. Specifically, the US\$50 million Development Responses to Displacement Impacts Project (DRDIP), funded under the Regional IDA window, aims to improve access to basic social services, expand economic opportunities, and enhance environmental management in communities hosting refugees using an integrated area based approach benefitting both host and refugee populations. The WBG also has developed strong expertise and capacity to address gender disparities and social risks, and has recently approved a US\$40 million project that will increase participation in SGBV prevention programs, and enhance utilization of multi-sectoral response services for survivors.

24. **Key lessons include:** (i) the complexity of implementation, due to effectiveness delays, capacity constraints, safeguard and fiduciary risks, resulting in low disbursements; (ii) the need to understand the incentives of, and foster close relationships with, implementing agencies at the central and local government level; (iii) the need to ensure national ownership through close coordination and targeted communication with stakeholders during preparation and throughout the project cycle; (iv) the importance of engagement with Parliament to avoid ratification delays; (v) the strong potential of community-driven approaches and beneficiary feedback; and (vi) the positive impact of strong local presence in Uganda to allow continuous stakeholder engagement.

B. OVERALL DEVELOPMENT OBJECTIVE

25. ***The proposed overall objective of the WBG program is to secure the sustainability of the Government of Uganda's progressive policies and practices.*** In line with the STA, WBG support is expected to focus on (i) boosting resilience to refugee shocks, in part by supporting the integration of the refugee response in sectoral strategies and district development plans; (ii) enhancing self-reliance and long-term socio-economic development in areas that host refugees; and (iii) strengthening effective coordination of humanitarian aid and development assistance.

26. ***The WBG program is expected to have different emphasis and intensity in different parts of the country.*** In the north, the focus is expected to be on working with the Government and other partners to ground the emergency response into a medium-term perspective. In the west and southwest, the focus is expected to be on enhancing economic opportunities, while also assisting to integrate parallel service delivery into country systems.

C. PROPOSED PROGRAM OF ACTIVITIES

27. ***The WBG program is expected to involve a combination of policy dialogue, investment financing, and knowledge products to support the government priorities.*** The program is indicative and may be adjusted based on further consultations with the Government and key partners to best respond to the urgency of the situation and the evolving political context and operational realities. In addition to the proposed areas of intervention, Advisory Services and Analytics (ASA) will be essential to advancing the program objectives.

28. ***In line with its experience and comparative advantage, the WBG will work within the framework of a partnership with Uganda.*** The WBG typically aims to promote effective public policies and to help strengthen institutions – in support of a government-led strategic approach. It also typically channels its financing through government systems. The WBG program is expected to be complementary to, rather than a substitute for humanitarian assistance. It will aim to deliver results on the ground with a focus on economic opportunity, medium-term sustainability, and cost-effectiveness, and an emphasis on government ownership and leadership, and evidence-based policy-making.

29. ***The needs in the lagging Northern region significantly outstrip available resources and development partner support.*** Most of the additional resources under the IDA18 sub-window for refugees and host communities are expected to therefore target refugee host districts in this region, and by accompanying existing interventions with additional support through the sub-window, the WBG support can potentially have transformational impact in the North.

30. ***The proposed engagement will provide an entry point for policy dialogue on the Government's effort to ensure the sustainability of the current progressive policy regime.*** This may include policy adjustments and mainstreaming of a comprehensive response to refugee shocks through strengthened inter-ministerial

and local government planning, as well as a gradual shift towards integrated service delivery and the use of country systems.

31. *Priority projects are expected to support progress towards the overall objective.* Efforts may include: increased support to help build local government capacity and finance small-scale community-based activities in refugee-hosting areas to benefit both refugees and hosts; a rapid response mechanism to facilitate increased and rapid fund allocations to districts facing large refugee inflows; support for area based development with a focus on key sectors such as water, energy, or transport in refugee-hosting areas that have come under strain; and initiatives to improve access to education and health and the development of skills for refugees and host communities, predominantly in the impoverished West Nile region.

32. *Possible knowledge products are expected to help strengthen the effectiveness of the policy dialogue and the design of projects.* The delivery of knowledge products, technical assistance and capacity building is expected to be coordinated through the CRRF platform to ensure relevance and uptake and avoid duplication. This could include just-in-time advice and immediate technical assistance to local governments of refugee-hosting areas in the North for better preparedness and planning of new settlements. It could also include a poverty and vulnerability assessment for refugees and host communities, to establish the baseline against which further activities can be defined and to better understand the specific issues faced by refugees and host communities. Furthermore, policy notes could be considered in areas related to the complementarity of development and humanitarian assistance, such as the integration of parallel service delivery into country systems and emergency planning with a medium-term horizon.

33. *Progress and performance are expected to be monitored at the level of each operation.* Indicators will be defined within the context of the individual projects financed under IDA18. This will require further investment in the creation of baseline data to measure defined targets. The WBG and UNHCR have joined forces in a new global data initiative to collect and analyze socio-economic data on refugees and host populations, and surveys are expected to be carried out in Uganda to assess poverty and vulnerabilities of refugees and host communities. Finally, the WBG is engaging in an effort to build evidence on “what works” (and to clarify the corresponding theories of change) through impact evaluations.⁵ These efforts will be important to lay the ground for a sustained engagement over time.

Coordination

34. *Government-led planning and prioritization in the hosting districts will be critical.* This is particularly important following the Uganda Solidarity Summit in June 2017, which mobilized more than US\$350 million. In that regard, the WBG is actively supporting a process through the ReHoPE strategic framework aimed at strengthening district level, multi-stakeholder planning and prioritization processes to inform a comprehensive and harmonized response. This process will map existing interventions and identify key needs and priorities, and will inform the design of the WBG program, ensuring that support is highly selective, complementary of other interventions, and firmly anchored in district and national priorities.

35. *The WBG plays a key coordinating role in Uganda,* both as Co-Chair of the Local Development Partners’ Group and with regards to the policy dialogue on forced displacement. Full operationalization of the Government-led CRRF platform will be critical to strengthen the policy dialogue, and the WBG will actively support this, including through ASA. Furthermore, and as part of CRRF implementation, the continued roll-out of the ReHoPE strategic framework provides an important opportunity for strengthening local-level planning, mobilizing resources, and promoting aid effectiveness through division of labor among development and humanitarian actors.

⁵ This specific effort is funded through a Trust Fund financed by the United Kingdom’s Department for International Development (DfID), which is steered by a committee that includes the WBG, DFID, and UNHCR.

36. *Close coordination with UNHCR, key development and humanitarian partners, and other relevant stakeholders will be essential to the success of the program.* Efforts will be made to seek synergies and complementarity. Efforts will also be made to further reach out to private sector actors.

D. RISKS AND MITIGATION

37. *The overall risk to successful implementation of a WBG program on forced displacement program in Uganda is high.* This is a relatively new area of engagement for the WBG, in which there is limited knowledge and significant sensitivities. Yet, WBG support could be transformative, and risks associated with the program can be sufficiently mitigated. Key risks include: overall country risks; policy reversal; and implementation challenges. Mitigation measures are expected to be designed within the context of the broader policy dialogue and each operation, and in close cooperation with other development and humanitarian partners.

ANNEX 1: IMPLEMENTATION ARRANGEMENTS: REGIONAL SUB-WINDOW FOR REFUGEES AND HOST COMMUNITIES⁶

1. Purpose: The overall purpose of the IDA regional sub-window on refugees is to help refugee host countries to (i) mitigate the shocks caused by an influx of refugees and create social and economic development opportunities for refugees and host communities; (ii) facilitate sustainable solutions to protracted refugee situations including through the sustainable socio-economic inclusion of refugees in the host country and/or their return to the country of origin; and (iii) strengthen preparedness for increased or potential new refugee flows.

2. Activities: In line with the overall purpose outlined above, the sub-window would support projects in host countries that focus on the medium to longer term development needs of refugees and host communities, not humanitarian needs, which are the mandate of other organizations. Priority initiatives would include projects that: (i) promote refugees' welfare and inclusion in the host country's socio-economic structures; (ii) support legal solutions and/or policy reforms with regard to refugees, e.g., freedom of movement, formal labor force participation, identification documents and residency permits; (iii) help ensure access and quality of services and basic infrastructure to refugees and host communities; (iv) support livelihoods in host community areas, tailored to the needs and constraints of refugees and host community members; (v) support policy dialogue and activities to facilitate and ensure the sustainability of return where refugees go back to their country of origin; and (vi) strengthen government finances where these have been strained by expenditures related to their hosting responsibilities.

3. Eligibility Criteria: A country would be eligible if the number of *UNHCR-registered refugees, including persons in refugee-like situations*, it hosts is *at least 25,000* or it is *at least 0.1 percent of the country's population*. In addition, the country would need to adhere to an adequate framework for the protection of refugees.⁷ It would also need to have in place an action plan, strategy or similar document that describes concrete steps, including possible policy reforms that the country will undertake towards long-term solutions that benefit refugees and host communities, consistent with the overall purpose of the sub-window. Country eligibility will also be informed by quantitative and qualitative analyses on the impact of refugee flows at the country or regional level. For example, fiscal burden on host governments and/or potential for increased instability could be considered. The refugee sub-window could provide support for projects benefitting a single host country because refugees flow from another, often fragile, country.

4. Financing Incentives for the Refugee Sub-window: Experience with current projects under preparation suggests that countries already have incentives to access funds from the IDA Regional Program to support *host* communities. To motivate governments to also address the development needs of *refugees* (i.e., non-nationals), it is proposed that financing incentives in the form of additional volumes and more favorable terms be provided as discussed below:

- *Terms of financing:* For high risk of debt distress countries, top up funding from the sub-window will be provided on grant terms only. For moderate and low risk of debt distress countries, top up funding will be provided 50 percent in grants and 50 percent in applicable credit terms of the

⁶ World Bank. 2017. Report from the Executive Directors of the International Development Association to the Board of Governors: Additions to IDA Resources – Eighteenth Replenishment.

⁷ The World Bank in consultation with UNHCR will determine the adequacy of a country's refugee protection framework based on adherence to international or regional instruments such as the 1951 Refugee Convention or its 1967 Protocol, or the adoption of national policies and/or practices consistent with international refugee protection standards.

beneficiary country.⁸

- *Requirements for national IDA contributions:* Regardless of the risk of debt distress, national contributions would be half those required under the IDA Regional Program.

5. Governance: This sub-window will follow the same governance structure as in IDA17 for case-by-case exceptions for regional transformational projects.⁹

- *Oversight:* A 2-step process (similar to the CRW) of early consultation with and subsequent approval by the Executive Directors will be followed.
 - A short note outlining the rationale for the proposed support will be sent to the Board for consultation prior to the development of a full project concept note. The note would include: (i) evidence that the country eligibility criteria are met, including evidence that a government action plan or strategy to address the refugee situation exists or is under development; (ii) an analysis of the needs of refugees, impact on the host communities targeted by the project(s) and related constraints to enabling refugees' self-reliance in the given context; (iii) description of proposed project development objectives, activities and beneficiaries; (iv) the financing terms for the project and national contribution; and (v) evidence of coordination and/or joint planning or analysis with other development partners and relevant humanitarian agencies, in particular UN agencies. Given the particularly difficult environment in which some of these projects will be implemented, it will be important that the projects put extra emphasis on risks to achieving project objectives, and to ensure that all projects are gender-informed.
 - *Project Approval:* Following the Board consultation, projects under the refugee sub-window would be processed following the same procedures established for the Regional Program.

6. Other implementation issues:

- *Notional regional allocations:* At the beginning of a Replenishment period, notional regional allocations would be determined based on the number of refugees in IDA countries eligible for support under this sub-window at the beginning of an IDA cycle. Allocations per country in a Replenishment under the special sub-window will be capped at US\$400 million. This threshold would help assist more countries to benefit from the sub-window.

⁸ Where projects will only benefit refugees and not host communities (e.g., economic integration of refugees in local labor market), on a case by case basis, funding from the refugee sub-window for moderate and low risk of debt distress countries could be considered in 100 percent grant terms.

⁹ "IDA17 Deputies Report: Maximizing Development Impact." IDA (2014).