

»» Materials on Development Financing



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Supporting refugees, stabilising host regions and tackling the root causes of displacement

KfW Development Bank's response to the refugee crisis

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There are currently some 66 million people around the world who have been forced to flee their homes – the highest figure since the Second World War. The majority of them do not stray too far from their home regions. In light of this, developing countries tend to bear most of the brunt of this phenomenon, taking in 86 % of refugees worldwide. Around two thirds of those who have left their homes are internally displaced persons within their home country. In response to this challenge, and on behalf of the German Federal Government, KfW Development Bank is financing infrastructure and basic services for refugees and their host communities. It is also supporting the reintegration of refugees and the elimination of the causes of displacement.

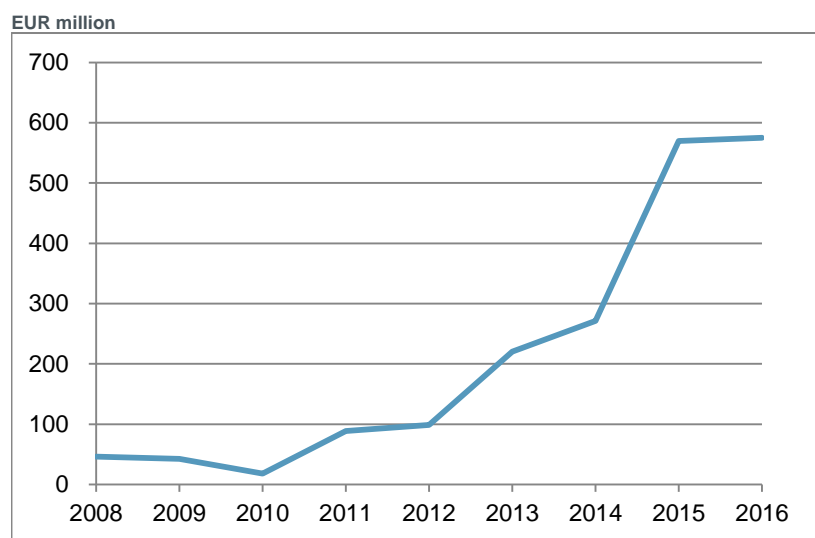
Increasing aid: EUR 2.1 billion for refugee-related projects

As the number of refugees grows, so

the amount of money pledged by the German Federal Government for projects relevant to refugees has also risen substantially within the framework of Financial Cooperation (FC) (see graph). It is currently financing 95 projects in 26 countries with a total

volume of EUR 2.1 billion for activities geared towards internally displaced persons, refugees or people at acute risk of forced displacement. New commitments in 2016 alone totaled EUR 575 million.

FC commitments related to refugees, 2008–2016



Source: own data

Needs-based allocation: focus on crisis regions

The funds provided by the German Federal Government for FC are allocated to the areas where refugees and host communities currently have the greatest need for support, with around 60 % of financing going to the Near and Middle East, particularly Syria and its neighbours Lebanon, Jordan and Iraq. One fifth of funds are used to support refugees in the crisis regions in the Horn of Africa and East Africa, especially South Sudan, Ethiopia, Kenya and the Democratic Republic of Congo. KfW is also financing refugee-related projects in West Africa (including the Central African Republic and Liberia), Asia (e.g. Afghanistan and Pakistan), Europe (Ukraine and Turkey) and Latin America (Colombia).

Strengthening rights and protection for migrant children and young people in Sudan



The project aims to improve access to formal education for children and young people in host communities, as well as ensuring the implementation of rights and protection of vulnerable children and young people, particularly those with a migration background. The project is run in cooperation with the United Nations' Children's Fund (UNICEF) and is made up of three integrated components: 1) Improving access to basic social services through the construction of infrastructure, 2) Increasing the quality of services on offer by means of training activities, 3) Enhancing project-specific knowledge management (for example, by developing training material for children to prevent forced displacement, kidnapping and human trafficking).

Relieving suffering: rapid provision of basic services

In acute crises, the projects supported by KfW aim above all to make rapid and effective improvements to refugees' living conditions by maintaining

or restoring basic social services (particularly through food aid, drinking water, basic health care and basic education). In many cases, the aim is to restore basic infrastructure through labour-intensive, income-generating measures. This approach is intended to make local living conditions more bearable, generate income and jobs, and therefore give people better prospects for staying in the area over the long term.

One good example of KfW's involvement in an acute crisis is the "Syria Recovery Trust Fund" (see info box). It is applying a similar approach to the "Peace Fund" in the Democratic Republic of Congo, where it is funding the recovery of basic social and economic infrastructure and agricultural projects (including schools, health centres, rural roads, bridges, markets, water supply service stations, agricultural irrigation systems) focusing on the east of the country.

For the labour-intensive implementation of projects by companies and non-government organisations, mainly local workers are recruited, including internally displaced persons, refugees and former combatants, providing them with income and a future without violence.

In acute crises, state structures often have limited or even no capacities to act, which is why KfW often works with alternative partners to implement measures. In the case of refugee crises, UN organisations are key partners that often have good local infrastructure and are able to rapidly implement effective measures. KfW supports UN organisations in project planning (partly by involving their technical experts), ensures independent evaluation of outputs and their effects, and ensures visibility with regard to German contributions.

Examples of the successful cooperation of KfW with UN organisations include projects for promoting education and child protection in Iraq (UNICEF), improvements in internally displaced persons' access to income-generating measures in Iraq (UNDP) and multi-sectoral measures to provide social and economic support for refugees in Ethiopia, Sudan and

Uganda (UNHCR).

In addition, KfW often works closely with local and international NGOs in relation to these situations. Thanks to their long-term local presence, these organisations often enjoy the local population's trust, and have built up established structures that enable them to implement quickly and effectively even small-scale refugee relief activities. For instance, KfW has been working with the French NGO "ACT-ED" in South Sudan to establish infrastructure for improving basic living conditions in areas with a large number of internally displaced persons. In Lebanon, KfW has been working with the NGOs International Rescue Committee and Norwegian Refugee Council. In order to achieve, among other things, noticeable improvements to living conditions for Syrian refugees and low-income members of the host communities, suitable living spaces have been created and communal infrastructure has been expanded.

Syria Recovery Trust Fund (SRTF)



The aim of the SRTF is to secure the supply of basic services (notably the provision of healthcare, water, energy and food) in those areas controlled by Syria's moderate opposition groups via stabilisation and reconstruction measures. The overall goal is to stabilise the local situation and provide the population, who is acutely at risk of forced displacement, fresh hope for a future in their home country. A total of 12 donor countries are currently involved in the SRTF, contributing EUR 171 million between them.

Strengthening partners: support to host communities

Experience shows that refugee crises are protracted: on average, it takes 17 years before refugees can return to their homes. It is, therefore, vital to develop solutions that effectively link short-term aid to long-term structur-

al approaches of development cooperation.

»» Providing drinking water and power to refugees and host communities in Jordan



On behalf of the German Federal Government, KfW is currently financing a range of activities in Jordan, whose already critical water and power situation has been further heightened by a drastic rise in population, mainly as a result of refugees from Syria, as well as people migrating from Iraq and the Palestinian territories. Measures include restoring old deep wells, transporting additional fresh water to cities with particularly high numbers of refugees, and dividing resources within these host communities. Furthermore, KfW is also financing the expansion of waste water systems and sewage plants in the host communities. To reduce water losses, KfW is involved in various local government districts, supporting the restoration of run-down water lines, the replacement of defective house connections and water meters, and the reinforcement of facility management. In the Za'atari refugee camp in the north of the country, currently home to some 85,000 people, a photovoltaic system is under construction and will provide at least 10 MW of power with low operating costs. This will reduce the overall strain on the region's power supply network, ensuring that the local Jordanian population benefit as well.

One of the most important factors in this situation is to make sure support is also provided to host communities, since the high number of refugees often places a heavy burden on the local service provision infrastructure. The direct consequences are overloaded water, sanitary and energy supply systems, over-crowded schools and health centres, as well as accommodation shortages and rising rental prices. To ensure that communities remain willing to accept refugees and to prevent conflicts between them and the local population, the capacities of the local service provision infrastructure must be expanded quickly to meet demands.

On behalf of the German Federal

Government, KfW is therefore financing social and economic infrastructure measures in these communities, particularly in Syria's heavily-affected neighbouring countries. In its activities, KfW works with state partners wherever possible so that they are enabled to operate the service provision infrastructure built up by themselves over the long term.

In Ukraine for example, one of KfW's partners is the country's Social Investment Fund, whom it helps to convert suitable buildings into accommodation for refugees. At a community level, social facilities are being upgraded, benefiting both refugees and the local population. In Kiev, meanwhile, urgently needed additional capacities are being created in kindergartens. All these measures are helping to reduce the potential for conflict between refugees and the local population.

»» Return and reintegration of Afghan refugees



The project supports the voluntary return of Afghan refugees from Pakistan by strengthening their motivation to return and helping them to reintegrate in Afghanistan. To prepare them to return permanently to Afghanistan, refugees in Pakistan receive access to legal counsel, job training, and health care. Once they have returned to Afghanistan, the former refugees receive support through the creation of living space, municipal infrastructure, and professional development and vocational training measures.

Supporting return: investments in refugees' regions of origin

KfW also supports the voluntary return and reintegration of refugees as soon as the security situation in their home countries allows. Reintegration is an enormous challenge: refugees, who are often traumatised, initially face dismal economic prospects when they return to their often devastated

home regions.

Ensuring successful reintegration of refugees requires both incentives to return and improvements to living conditions in the countries of origin. In many cases, economic cycles first have to be set back into motion through measures that generate both income and jobs. This is the approach being taken, for example, by an FC project for the return and reintegration of Afghan refugees in Pakistan (see info box). Similar measures for the reintegration of internally displaced persons and refugees are being financed by KfW in the Democratic Republic of the Congo and in Liberia.

Tackling the root causes of forced displacement: prevention and resilience as overarching goals

Some of the current causes of conflict and forced displacement are of a political nature (e.g. state-run repression, discrimination and persecution, grave violations of human rights). However, natural disasters and a lack of economic prospects can also drive people to leave their homes. Many of the projects supported by KfW tackle the root causes of displacement and migration by aiming at the reduction of poverty and inequality (e.g. measures to generate income and develop social security systems), promoting good governance and transparency (e.g. decentralisation projects), and strengthening resilience against crises of any kind (e.g. disaster precaution measures, insurance projects).

This approach is demonstrated, for example, by the measures to improve resilience to drought. This process began with the drought in the Horn of Africa in 2011, which affected a total of 13 million people. Working on behalf of the German Federal Government, KfW initially financed seven food aid programmes, which were set up in five countries (Kenya, Ethiopia, Djibouti, Uganda and Yemen) with the support of the World Food Programme. 8.5 million people benefited from this short term relief. However, drought in the Horn of Africa is a recurring phenomenon, so a longer-term approach was developed to boost resilience to drought (see info box). By improving the use of natural

resources (soil, water, etc.), this approach aims to strengthen food security for vulnerable groups and ultimately stop people being forced to leave their homes due to a lack of resources.

From short-term relief in crises and for people at acute risk of forced displacement, to support for refugees and their host communities, through to the reintegration of returning refugees and long-term work against the root causes of forced displacement, KfW Development Bank has a number of tried and tested approaches to promoting needs-based solutions to a range of challenges.

»» Regional fund to boost drought resilience in the Horn of Africa



The programme is helping to enhance the drought resilience of several pastoral populations in the border regions of north eastern and southern Ethiopia. Measures are selected with the participation of the population and implemented in the fields of water supply and rural infrastructure, cattle and pasture farming, as well as alternative income opportunities and basic services. This is helping to strengthen the local population's production system and diversify their income sources. Similar projects are planned for Djibouti, Kenya, Uganda and Somalia.



Photos

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