Fragility, Forced Displacement and RBF

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Forced displacement is increasingly urbanized and protracted

3.5 M
ASYLUM SEEKERS

26 M
REFUGEES

60%
OF REFUGEES LIVE IN URBAN AREAS

79.5 M
PEOPLE FORCIBLY DISPLACED AROUND THE WORLD BY THE END OF 2019

45.7 M
INTERNALLY DISPLACED PERSONS

50%
OF INTERNALLY DISPLACED PERSONS LIVE IN URBAN AREAS

More than half of world’s population live in urban areas today, and this is projected to increase to 68% by 2050.
The impact can be significant for some cities

Share of forcibly displaced in IDP and refugee hosting cities

(Source: IDP data from IDMC (2016); Refugee data from UNHCR, ProGRES, WUP and Jordan DOS.)
Cities can be affected by camps nearby

- Cities and towns are not immune to the impacts of camps and settlements, especially in countries with a history of long-established camps. Most location hosting forcibly displaced have impact beyond the city boundaries, notably through the interventions of external actors.

- A majority of camps in Africa are located within 5 kilometers of an urban area, with an average distance by road of 48 km.

- In Kenya, Tanzania, and DRC, GDP per hectare along the road between cities and forcibly displaced location was found to be significantly higher in places where there are larger numbers of displaced.

Recent data from Cameroon, Chad, Congo (B.), Congo (K.), Kenya, Niger, Rwanda and Tanzania, indicates that forcibly displaced locate themselves closer to urban areas, most within a kilometer from an urban area.
1. Most of the forcibly displaced move within their country, while remaining cross one or more border.

2. Refugee-hosting countries are typically the neighbors of countries of origin.

3. Cities are entry-points for both conflict and for hosting the forcibly displaced.

4. In refugee and IDP hosting countries, the forcibly displaced tend to concentrate in particular cities.

5. Movement of forcibly displaced people to urban areas is pendular. Since the onset of conflict, forcibly displaced may move multiple times and often back and forth.

6. Forced displacements are increasingly not in camp settings but rather more dispersed throughout rural and urban areas.
Challenges of UFD are distinct from those in rural or camp-like settings...

1. Urban areas have significant existing networks of
   ▪ infrastructure and services
   ▪ job markets
   ▪ land markets
   ▪ complex social dynamics
   ▪ institutions that manage services

2. Physical footprint of the displaced can have spatial impacts that could profoundly alter the ways in which cities grow in the future.

3. Interventions have broader impacts and cannot be planned/implemented in isolation as in rural areas or camp-like settings.
UFD faces multi-faceted challenges.

1. **Spatial implications:**
   - Urban displaced people are hard to capture as they’re “hidden”.
   - UFD changes urban form through densification or sprawls.

2. **Physical implications:**
   - Costly & difficult to expand/extend networked services.
   - Unknown duration of - questions of ‘over’ of ‘under’ investment.

3. **Economic implications:**
   - Stress on what is often an already strained local economy.

4. **Social implications:**
   - Tensions between the displaced and the host communities over limited services, jobs, security, xenophobia, etc.

5. **Institutional implications:**
   - Lack of capacity, particularly in local government and utility providers to cope with the rapidly changing situation.
Vulnerability of forcibly displaced population due to multiple crises overlap with existing challenges of host city and host community.

Diagram:
- Forcibly Displaced & Host community
- Conflict
- Disaster
- Climate-change
In Lebanon, the fiscal cost of the Syrian conflict on infrastructure over the period 2012-14, is estimated at USD589 million, while USD1.1 billion would be required for stabilization, including USD258 million for current spending. The cash-strapped and under-capacitated local and municipal governments and establishments are severely impacted by the crisis as they now extend basic services and tend to the immediate needs of both refugees and host communities.

In Jordan, municipal sector alone would need $203 million (in 2016-2018) to cope with the crisis and the refugee crisis in Amman has contributed to an 83 percent increase in public debt. Even when costs seem small, for a local government, they may constitute a large proportion of their budget.
Gender and Urban Forced Displacement

- Women, children and older people make up a greater proportion of the urban displaced.
- Multilocality a coping strategy. Women and children fleeing conflict areas first and men staying behind to protect homes and other assets.
- Higher eviction rates for displaced women across multiple contexts. Exploitation and harassment by landlords.
- Inadequate housing makes women and girls vulnerable to GBV.
- Internally displaced women tend to have more difficulty accessing health services and worse health outcomes.
- Women become active in labor markets as a result of displacement and conflict.
- Importance of safe housing and livelihood options for women as foundational and housing/livelihood/mobility as the holy trinity.
Forced displacement to cities and towns also necessitates different responses than conventional urbanization.

**SPEED**
The speed of demographic change that accompanies forced displacement requires a much quicker response – politically, physically, and financially – than governments are usually accustomed to and are capable of.

**SCALE**
The scale of the inflow may upend the urban system in ways that authorities had never envisioned and are seldom prepared for.

**FLUIDITY**
The fluidity of the situation i.e., uncertainty about the length of the displaced people’s stay in host cities, and their transient nature as they move within cities or between cities, makes it difficult to determine whether to respond with short-term humanitarian measures or more longer-term development measures.

**VULNERABILITY**
The potential differences in the types and levels of vulnerability of the displaced, compared to the urban poor and economic migrants, requires different responses. The forcibly displaced often arrive in cities with limited capital, assets, skills for urban livelihood, necessary identification documents or social support networks. They are further challenged by socio-political stigma and deep psychosocial trauma.

Yet there is no coherent approach in addressing the operational impacts of forced displacement on cities and towns.
this calls for a “People-in-Place” Approach

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<td><strong>Focus</strong></td>
<td>Focus on the needs of the people – usually the forcibly displaced.</td>
<td>Focus on <strong>places</strong> impacted by forced displacement, including on managing institutions. Leverages their existing systems and capacities.</td>
<td>Focus on both the <strong>people</strong> – i.e. forcibly displaced and hosts – and the <strong>places</strong> where they are located, and institutions managing <strong>place</strong>.</td>
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<td><strong>Interventions</strong></td>
<td>Targeted interventions depending on the needs and vulnerability of different groups of people, including individuals and households, e.g. social safety net, livelihoods support, emergency service provision.</td>
<td>Targeted interventions on improving infrastructure, services, land management in places affected by the inflow, e.g. urban upgrading, network extensions/expansions. Targeted interventions on institutions that manage places, e.g. capacity building, planning, procurement, financial management (FM).</td>
<td>Targeted interventions for vulnerable people regardless of status in the place where they are located, e.g. safety nets, livelihoods support, coupled with provision of services in places to the vulnerable, and extension of services across city. Target interventions to institutions managing places, e.g. capacity, planning, procurement.</td>
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<td><strong>Suitable Context</strong></td>
<td>Support for displaced in camps. “Place” or “Space” blind. Relies on status identification &amp; monitoring. Benefits/interventions move with people.</td>
<td>Support for cities, towns, districts that host the displaced. Interventions are “status blind” in that they benefit all people who live in an affected area regardless of whether they are FD or hosts. Benefits/interventions fixed in place.</td>
<td>Support for the displaced, host communities, and institutions in cities/towns. Accepts “status” but extends benefits to “vulnerable hosts” and also to place.</td>
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Different types of cities require different types of interventions

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<th>OUTFLOW/POSSIBLE INFLOW/RETURN</th>
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**LOCATION OF INFLUX**

**OUTFLOW/POSSIBLE INFLOW/RETURN**

**INFLOW/POSSIBLE OUTFLOW**

**OUTSIDE CITY**

**INSIDE CITY**

**TYPE 1: Localized**
- a) Hosts a large number of FD, but small share of population
- b) Hosts a small number of the FD but large share of country's FD
- c) Hosts small number and small share of FD but spatially concentrated

**TYPE 2: Widespread**
- FD are a large percentage of the overall population of the city, e.g., in small cities or "safe havens" (like Maiduguri)

**TYPE 3: Interdependence**
- Cities and camps interdependent, e.g.,
  - a) Peri-Urban camp
  - b) Camp within city on vacant land
  - c) Camps within commuting distance of Cities

**TYPE 4: Urbanizing Camp**
- Large Camps that function as urban areas

**TYPE 5: Reconstruction**
- a) Heavily damaged;
- b) May be experiencing a return of population;
- c) Return may not occur
Interventions need to adapt to shifting needs over time.

A Development-oriented Approach to Urban Displacement

Stability

West Bank & Gaza
Some instability, complex political situation
Jordan
Stable but coping with refugee influx
Lebanon
Some instability and coping with refugee influx

Iraq
Recently emerged from conflict
Syria
In conflict

Emergency Response
Rebuilding infrastructure, expanding services, reconstructing housing
- Iraq Emergency Operation for Development Project

Building Development Solutions
Investing in municipal services and equipment to relieve immediate pressure on services caused by refugee influx
- Beirut Urban Masterplan focused on Resilience
- Lebanon Municipal Services Emergency Project

Engagement
Building urban resilience
Supporting municipalities in enhancing capacity and service delivery
- Gaza Municipal Development Project
- Jordan Emergency Services and Social Resilience Project

Nature of response

Relief
Development
Interventions need to adapt to different types of displaced

The forcibly displaced are not homogenous and have distinct needs. Even among broader forcibly displaced populations, there are many differences, and each may face a unique set of challenges.
Interventions need to be holistic across 5 dimensions

A. SPATIAL DIMENSION
- Physical Planning: urban and land use
- Development Planning across host and displaced communities
- Hazard mapping
- Land Inventory/Land Information Systems
- Addressing Tenure Security

B. INFRASTRUCTURE, SERVICES & LAND DIMENSION
- Provision of ID Cards
- Land and housing provision
- Improving Living Conditions (upgrading, CDD)
- Infrastructure extension
- Capacity building of service providers
- Subsidies for housing (e.g., vouchers or cash transfer grants for reconstruction)
- Service access
- Access to schools
- Curriculum considerations including language
- Mental health programs
- Access to health services

C. SOCIAL & SECURITY DIMENSION
- Participatory gov.
- Support and social protection to the vulnerable (e.g., cash transfers)
- Legal aid and empowerment
- ID Cards to access services
- Access to Food
- Set up Peace Groups
- Adapt criminal justice system (interpreters, police, judges)
- Violence prevention (interpreters, at risk youth targeted intervention)
- Invest in streetlights and other design options for ‘safer cities’
- Testing host community resilience

D. ECONOMIC DIMENSION
- Individual Opportunities: job creation
- Support for informal economy
- Access to Finance
- Labor-intensive works programs
- Skills training linked to reconstruction (e.g., train masons, builders in housing reconstruction)
- Linkages to city economy
- Improved local business environment
- Support for business infrastructure

E. INSTITUTIONAL DIMENSION
- Strengthening local capacity for financial management, budgeting, revenue generation management and accountability, monitoring
- Clarify inter-gov. relations including functional responsibilities
- Increase financial assistance for local govt where appropriate (including review of allocations)
- Training in participatory governance, management of inter-communal tensions

Context (especially national policies e.g., on IDs, Work permits, Political acceptance etc.) significantly affects design of interventions.

Social Inclusion is key!
### Examples of people and place-based interventions

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1. Forced displacement is increasingly urbanized and protracted.

2. Addressing urban forced displacement (UFD) requires a new approach – a "People-in-Place" approach.

3. UFD faces challenges that require interventions in 5 dimensions – spatial, physical, economic, social and institutional – which are interrelated.

4. To operationalize the People-in-Place approach, interventions will need to be adapted to: (i) shifting needs over time; (ii) different types of cities; and (iii) different types of displaced people.
GPRBA experience in fragility
GPRBA’s experience in challenging contexts

- 14 RBF projects in FCS contexts
- $65 million in grants
GPRBA’s support for the SWM sector in Yemen

• More than eight years into the war, the hardships faced by the Yemeni people are extreme.

• The conflict has displaced more than 4.3 million civilians from areas of active conflict to relatively safer urban areas.

• Proposed GPRBA grant of $6.6 million GPRBA grant will facilitate city-wide improvements in SWM services in Aden, Mukalla and Sana’a.

• The project will use an RBF mechanism to improve user fee collection and waste services and will supply the necessary equipment to do so.
Reasons for successful Implementation

- Focus on basic services
- Participatory approach
- Simple and flexible design
- Alignment with existing institutions and systems
- Parallel capacity building measures
- Pragmatic targeting
Applying GPRBA's FCV Experience to Urban Forced Displacement

- Targeting previously excluded groups
- Complement ongoing World Bank operations
- Collaborative partnerships
- Institutionalize actions
- Community participation
Potential RBF opportunities to tackle forced displacement
### Additional examples of people and place-based interventions that can utilize RBF

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Examples of potential RBF interventions

- Vouchers redeemable at healthcare facilities
- Support expansion of urban service network
- Facilitate the design of additional curriculum requirements
- Economic Integration
Using RBF and Outcome Funds to Foster Support Employment Creation for Refugees

Elaine Tinsley— May 2023
OVERVIEW

• Introduce or scale private sector activities to increase refugee employment opportunities.
• Reducing barriers to entry and addressing other constraints.

• Case Examples:
  • LIFT Impact Fund – Proof of Concept Stage
  • Horn of Africa Outcome Fund – Design Stage
LEBANON FCV AND REFUGEE CONTEXT

• Unemployment in MENA is almost double the global average, especially among youth, and women’s economic participation is among the lowest in the world.
• Large number of Palestinian refugees with limited work options, particularly for women, who also face social barriers.
• Financing options are available for social enterprises is limited.
Most investors across the MENA region are prioritizing infrastructure spending, high-tech growth and modern technologies, as these sectors target highly skilled populations. However, there is a stronger need for investments in productive sectors that employ vulnerable communities where unemployment is most prevalent.

Studies have shown that social enterprises regularly outperform SMEs across almost all indicators (i.e. turnover growth, innovation, start-up rates etc), while generating a wide range of economic and social benefits. There is also a growing pipeline of high growth social enterprises in MENA who need impact funding to help them scale and create much needed income generating opportunities at scale.

Recognizing the high social need, social enterprises are often one of the first enterprises to come into a post-conflict environment. They are also one of the most resilient enterprises during times of economic stress, such as the COVID pandemic, as they prioritize safeguarding their social mission and their employees over the loss of profit, often finding creative means to respond to and survive the pandemic.
NaTakallam creates steady employment for refugees as language service providers (tutoring, translation, interpretation...) through the gig economy.

After 5 years of Alfanar’s venture philanthropy support NaTakallam:

• Expanded steady employment opportunities from 37 refugees to 500 refugees, 53% of which are women
• Increased their cost recovery from 77% to 121%
• Increased their annual revenue from $114k to $1m
• Channeled $1.8m of income to refugees

NaTakallam has grown past solely the Arabic language and is now providing refugees from 8 different countries employment, using 9 different languages.
**Key takeaways:**

- Fill a critical funding gap to scale the growth of high-potential social enterprises and impact-driven businesses.
- Providing patient funding with technical assistance will support the growth of the social entrepreneurship ecosystem and will encourage businesses to focus on their triple bottom line (*people, profit, and planet*) while boosting job creation for marginalized communities.
- Supporting the growth of a pool of investment ready and impact driven organizations will in turn attract more overseas impact investors and their capital into the country.

**LIFT Impact Fund Design**

- USD 50 million
- 10 years with an investment period of 5 years
- Gross Target Return = 15% per year
- Social enterprises
- Businesses with impact

**Double-impact Strategy**

The Fund Management Company will redeploy a portion of the carry as grants to Allanar Venture Philanthropy portfolio in order to help build the impact fund pipeline.
Sustainable Development Goals

- Quality Education (4)
- Gender Equality (5)
- Decent Work and Economic Growth (8)
- Reduced Inequalities (10)
- Responsible Consumption and Production (12)

Impact Criteria

1) Has the ambition to scale a measurable impact
2) Its mission is to focus on:
   - Providing jobs and income opportunities for vulnerable individuals (esp. women, youth, refugees, migrants and persons with disabilities)
   - Increasing access to quality education and/or essential products & services
   - Providing training that increases economic mobility
   - Increasing collaborations and providing access to markets
   - Integrating micro enterprises in its supply chain
   - Encouraging better use of resources and circularity

Business Criteria

1) Has a scalable & competitive business model with a positive EBITDA, on track for strong profitability with solid and proven unit economics
2) Has a proven product-market fit with continuous customer growth
3) Displays organic traction, with a measurable set of early customers
4) Is innovative with a unique value proposition
5) Has a clear path to exit from LIFT’s investment, with reasonable visibility on the timing and the likely type of full or partial exit

Other Criteria

1) Has a strong team, preferably women-led or youth-led, with a track record of success and sector-specific knowledge and expertise
2) Values gender equality, has high standards of conduct and governance, and respects fiscal and labour laws
3) Doesn’t have any significant negative impact on the environment or climate change and is willing to reduce any potential negative impacts
4) Is able to benefit from the support we provide and allows us to add tangible value
EXAMPLE OF INVESTMENT DONE PRIOR TO LAUNCH

FABRIC AID – SOCIAL & ENVIRONMENTALLY CONSCIOUS VALUE-CHAIN FOR THE APPAREL INDUSTRY

- **Facts:** Registered in 2017 in Beirut; 120 employees; Launched in Jordan in 2021.
- **Financials:** 2021 Actuals: $770k revenue, $-308k EBITDA // 2023 Projections: $3.2m revenue, $51k EBITDA
- **Activity:** FabricAID has established a socially and environmentally conscious value-chain for the apparel industry with a circular model that enables under-privileged people to buy decent clothing at micro-prices prices while helping reduce fabric waste, by increasing the efficiency of second-hand clothing collection, sorting and distribution. Clothes that do not appeal to the target beneficiaries are sold at Second Base, a vintage boutique. FabricAID also developed a new retail barter concept where people can sell and buy clothes called Souk Okaz which is witnessing tremendous growth.
- **Awards:** Stanford Global Social Venture Competition in 2018 in front of 500 participants from 60 countries (first winner from the Middle East region); 26 competitions / awards for a total amount of $150k; the founder won the Dennis Pieton award from the French Embassy, the UNEP’s Young Champion of the Earth Award for West Asia in 2019 and was nominated by causeartist as 40 social entrepreneurs from around the world to watch in 2022.
- **Alfanar Venture Philanthropy Support:** Since 2018, Alfanar has provided FabricAID with grant funding ($281k incl. a $50k zero-interest repayable grant over three years), training and engaged management support allowing them to scale in Lebanon and launch in Jordan.

### Why did Alfanar invest?

- **Social & Environmental Impact:** In less than 5 years, FabricAID created 120 jobs for underprivileged youth, including refugees; supported 152,000 beneficiaries in getting access to affordable clothes; diverted 332,650 kg of textile from landfills; reduced carbon emissions by 1198 tons; and reduced water consumption by around 2 billion liters.
- **Growth Potential:** FabricAID is geared to grow its revenues 8 times by 2025, through expansion in Lebanon and Jordan.
- **Innovation & Strong Management:** Innovative and award-winning business and impact model with a very strong management team.

### Investment Round

- $100k by Alfanar and $500k by Wamda Capital

### Use of funds:

- Expand in Jordan, with the aim of establishing 18 retail units
- Scale the business in Lebanon (collection, sorting and redistribution)
- Increase marketing efforts and wholesale collaborations

### Next Steps:

- Raise funds to launch in Egypt in 2024-2025

### Current investors:

- Wamda Capital, Alfanar, Viridis and 6 angel investors
<table>
<thead>
<tr>
<th>POST-INVESTMENT RESULTS FOR FABRIC AID</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Clothes recycled (KG)</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Full time Staff</strong></td>
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<tr>
<td><strong>Sales (USD)</strong></td>
</tr>
</tbody>
</table>

- Showcase that social enterprises can attract competitive investment capital
- Alfanar joined other investors, including Wamda, to help FabriAid close a 1.6 million USD funding round. The largest seed round raised by a SE in the Arab regions

**Incorporating RBG into the Fund**

To incentivize fundraising and raise return rates, RBF payments can be made to the funds based on the desired social and environmental outcomes. This way enterprises that have high social benefits but less financial returns could then qualify for investment.
<table>
<thead>
<tr>
<th>In the pipeline</th>
<th>Vetted</th>
<th>Investments done &amp; Active conversations</th>
</tr>
</thead>
<tbody>
<tr>
<td>The LIFT Ventures team has built a pipeline of c200 companies through its strong local network</td>
<td>The LIFT Ventures team has vetted c15 companies, for strong impact alignment and growth potential</td>
<td>The LIFT Ventures team has finalised a first investment in FabricAID (a portfolio SE of Alfanar Venture Philanthropy) and is in advanced discussions with others</td>
</tr>
</tbody>
</table>

Sample opportunities:
- Tagaddod
- Chitosan
- Gomycode
- L’Atelier du Miel
- Fairtrade Lebanon
- Biomass
- SEP Jordan
- Wakini
- Delta Oil
- FabricAid
- B.O.T
- NaTakallam
- Inaash
- Mozare3
- Halan
- Rafeya
- Smart Gourmet
- Go Baladi
- Brimore
- CIFEA
- Monрестю
- Robinson Agri
- Souk El Teyeb
- Alefredo Books
- Olive Trade
- Barakoda
- Khashna
- KALYS
- Reform Studio
- Platform
- Nile Herbs
- Think-It
- Evergreen Agro
- Snow Fresh Egypt
- Alchemist Lab
- Tyro
- Kamkalima
- Little Thinking Minds
- Tagaddod
- Chitosan
- L’Atelier du Miel
- FairTrade Lebanon
- BioMass
- SEP Jordan
- Delta Oil
- Wakini
- FabricAid
- B.O.T
- NaTakallam
- Inaash
- Robotna
- Alefredo Books
- Souk El Teyeb
- Kamkalima
- Little Thinking Minds
- FabricAID
- Wekini

✅ FabricAID (investment done Dec 2021)
Challenge: Job Creation in Refugee Settlements

Objective: Design a suitable outcome-based funding model that mobilizes job-creating private investments and integration programs for quality employment and self-sufficiency of refugees and vulnerable populations in the HoA.

Exploring different modalities and instrument combinations, including impact investing, results-based financing, public-private partnerships and funding from the private sector and aid organizations.

Market analysis of key sectors and business models for refugee engagement.

Stage: Call for expressions of interest from both NGOs, INGOs, social enterprises
ENTERPRISES INTERESTED IN FCV MARKETS: LIBERIA

- **Energy**: Solar Sister – women employment, strong record of raising funds,
- **Water**: Jibu – strong history of sales and replication into many countries, uses a franchise model for local ownership of kiosks
- **Agri**: Cold Hubs - needed for markets extend produce life, low capital costs
- **Waste**: Green Cities – existing Liberian SE, employment impact, expansion of equipment for plastic waste recycling
Diagrammatic Representation of Enterprises’ Financial Needs and Potential Impact

Impact:
Potential for Job creation & solving urban challenges
KEY TAKEAWAYS

- There are enterprises that are willing to work in FCV environments, creating jobs and opportunities.
- Entry risks need to be offset.
- Potential to raise private capital for funding, but also helps if early returns can be subsidized to be more appealing—opportunity cost of delaying the social impact.
- De-risk government outlays to the private sector.