

Making Refugee Self-Reliance Work

From Aid to Employment in Sub-Saharan Africa

Johannes Hoogeveen

Karishma Silva

Robert Benjamin Hopper



Executive Summary

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Sub-Saharan Africa**

**Johannes Hoogeveen
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WORLD BANK GROUP

This booklet contains the Executive Summary from *Making Refugee Self-Reliance Work: From Aid to Employment in Sub-Saharan Africa*, doi: 10.1596/978-1-4648-1969-8. A PDF of the final book, once published, will be available at <https://openknowledge.worldbank.org/> and <http://documents.worldbank.org/>, and print copies can be ordered at www.amazon.com. Please use the final version of the book for citation, reproduction, and adaptation purposes.

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Cover: Given the opportunity to work, many refugees find gainful employment. Aime Dambou sells eggs from a kiosk in Bangui, Central African Republic.

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Foreword

A much-used proverb states, “Give a man a fish and you feed him for a day; teach him how to fish, and you feed him for a lifetime.” For refugees, who often find themselves dependent on aid, living in remote camps with few economic opportunities, the adage remains as relevant as ever.

The refugee response needs a change in perspective. For far too long a care-and-maintenance approach has been the go-to way of dealing with refugee inflows, certainly in Sub-Saharan Africa. That approach has forced refugees into inactivity and dependence. Instead, it is more sustainable and cost-effective to build on their agency, skills, and readiness to take care of themselves. Such a development approach is particularly suited to protracted refugee situations until refugees can return in safety and dignity.

Formulating that change in perspective, this report argues that self-reliance should be at the core of the refugee response. Its message is extremely timely, coming at a moment when a humanitarian sector under financial duress explores new pathways for providing assistance to some of the most vulnerable people on the planet. The development approach proposed in this report not only is more durable and cost-effective but also presents a more humane, more dignified pathway for people whose only faults are having been at the wrong place at the wrong time and having to flee.

This report also makes a case for putting hosting governments in charge of the refugee response. Not only is it morally the right thing to do, but the option to hand over the management of refugees to humanitarian agencies to provide care and financing no longer exists. Instead of relying on parallel systems, a sustainable response model would emphasize inclusion in the economy and in national services along with the systematic channeling of financing for refugees through the treasury.

The report is groundbreaking in yet another way. By offering a definition for self-reliance that builds on the World Bank’s tradition in poverty measurement, it lays the foundation for systematic monitoring and learning.

The global refugee response stands at an important crossroad; this report helps define a way forward and formulates a vision and an approach to which the World Bank is committed.

Andrew Dabalen

Chief Economist, Africa Region

World Bank

Acknowledgments

This report was produced by a core team consisting of Johannes Hoogeveen, Karishma Silva, and Robert Benjamin Hopper. It would not have come about without the support and contributions of many others. At the risk of omitting someone, we thank the various people who helped us analyze the data at hand as well as the coauthors on the background papers and data prepared for this report: Fikirte Abeje, Sebastian Anti, Aziz Atamanov, Cesar Cancho, Mohamed Coulibaly, Emilie Jourdan, Sebastian Leander, Olive Nsababera, Benjamin Reese, Jonathan Rigberg, Collette Salemi, Zara Sarzin, Aboudrahyme Savadogo, and Kristina Vaughan. Not only was it a great pleasure to work with each of you, we learned a lot from your insights and feedback.

A special thanks to Felix Schmieding of the Joint Data Center for very productive discussions on how to measure self-reliance and for promoting the idea that measures used to identify destitute nationals should also be relevant for forcibly displaced people; to Craig Loschmann, Maximilien von Berg, Gina Kosmidou-Bradley, and Betsy Lippman of UNHCR, the UN Refugee Agency, with whom we collaborated closely in various stages of this project; and to Irina Galimova (World Bank) for her consistent support and trust.

We would also like to mention Erwin Knippenberg, Tamar Appel, Annabelle Vinois, Farah Manji, Tom Bundervoet, and Xavier Devictor, for being available to exchange ideas and discuss various aspects of refugees' economic inclusion, as well as Fanette Blanc and Gabriel Mokate, for taking the time to explain UNHCR operations in Togo.

We extend our sincere gratitude to the entire editorial and production team including Amy Gautam, Talia Greenberg, Amy Lynn Grossman, Nora Mara, Jewel McFadden, and Anne Caroline Smith for their dedication and hard work in bringing this project to fruition.

Special appreciation to Johan Mistiaen, Rinku Murgai, Gabriela Inchauste, Luis-Felipe Lopez-Calva, and Andrew Dabalén for their guidance, support, and patience.

Finally, a special word of thanks to our sponsors, the World Bank–UNHCR Joint Data Center on Forced Displacement and the PROSPECTS Partnership Programme, funded through the World Bank–administered Multi-Donor Trust Fund for Forced Displacement, without whom this report would not have seen the light of day.

Key Messages

The Case for Promoting Refugee Self-Reliance

- **Refugee situations are development challenges.** Sub-Saharan Africa hosts 8.2 million refugees who, on average, have already spent 13 years in exile. These protracted situations require development-based solutions, not just humanitarian aid.
- **The care and maintenance approach to hosting refugees is costly and has perverse incentives.** Most funding supports refugees who, because of limited economic opportunities, are dependent on aid. This approach effectively rewards economic exclusion. A better approach rewards countries that promote refugee self-reliance and reduce aid dependence while shrinking the financial burden of hosting refugees.
- **Promoting refugee self-reliance represents one of the best opportunities to arrive at a sustainable refugee response model.** Self-reliance enhances refugee financial autonomy and reduces dependence on humanitarian assistance, allowing the available aid to be preserved for the most vulnerable. Financing for refugee situations is more productive when used to promote self-reliance and invested in development efforts benefiting hosts and refugees alike.
- **The best way to promote refugee self-reliance is through socioeconomic inclusion.** Nearly three-quarters of all refugees in Africa live in camps or camp-like settings, yet encamped refugees are the least self-reliant and most dependent on humanitarian assistance. By contrast, refugees who have the freedom to settle where they find economic opportunities perform much better.
- **Self-reliance requires inclusive policies.** Restrictions on refugees' movement or ability to work, or confining refugees to camps in remote areas, constrain their ability to earn and make their dependence on aid more substantial. Economic inclusion is more effective when coupled with freedom of movement and access to national services, which allow refugees to move to where economic opportunities best match their skills.

- **A shift to portable assistance improves refugee dispersion and reduces negative spillovers due to congestion.** Refugees tend to cluster in areas where assistance is provided. Refugees' ability to settle outside camps—that is, in places with the most favorable economic opportunities—is strengthened when assistance is portable instead of place based. Greater dispersion of refugees reduces the risk of negative spillovers on local economies and stress on local health and education services. Land-based strategies are also more likely to be effective when refugees can spread around.
- **The promotion of self-reliance by transforming camps into settlements and through area-based development strategies should be approached with caution.** Economic growth is typically unbalanced and concentrated in urban or peri-urban areas, and the potential for economic activity in remote locations is limited. Integrated settlements and area-based development are not likely to be very effective in promoting self-reliance; they may, however, be important to improving access to basic services for those living in isolated areas.
- **A shift to sustainable responses needs to be accompanied by a coherent, measurable understanding of what self-reliance entails.** This report defines refugees as self-reliant if their consumption from nonhumanitarian sources exceeds the poverty line,¹ implying that they generate sufficient income to pay for their consumption. This new measure is anchored in best practice for poverty measurement and uses the same welfare standard that applies to nationals.
- **Promoting self-reliance is the humane thing to do. It enhances the dignity of refugees and strengthens host governments and their economies.** Long recognized as the preferred way to host refugees, refugee self-reliance has remained elusive in practice. Increasing pressure on humanitarian funding can offer new impetus to boosting self-reliance and making refugee situations more sustainable.

A Policy Framework to Improve Refugee Self-Reliance

- **Government leadership is critical to realizing a new refugee hosting model. As with other development challenges, host governments must lead the refugee response.** Host governments can make sure they have in place an inclusive policy environment and can demarcate the roles and responsibilities of their development and humanitarian partners.

- **The shift to a country-led development approach to hosting refugees must be accompanied by development resources.** These resources should be predictable, rules-based, and channeled through government systems. Parallel and earmarked financing should be avoided. Host governments may require support for the recurrent costs they incur when including refugees in national systems, including those for health and education.
- **Host governments should take a strong policy stance against encampment.** Encampment leads to a wastage of human and financial resources. Money spent on handouts for refugees who are capable and ready to take care of themselves can be invested much more productively in growth and development, with benefits for hosts as well as refugees.
- **Host governments and the international community should invest in preparedness.** Many large refugee movements can be predicted. Emergency preparedness, including by dis-encamping refugees already on the territory, strengthens the efficiency and cost-effectiveness of hosting refugees in the initial phase of a crisis.

Executive Summary

Introduction

The refugee crisis in Africa is escalating, and pressures on host countries are mounting. As of 2024, Africa hosted 9 million refugees, a number that has soared in recent years, driven by conflicts and civil unrest. The civil war in Sudan resulted in the largest recent displacement crisis in the world, with over 10 million people forced to flee their homes and many seeking refuge in neighboring countries, including Chad, Ethiopia, South Sudan, and Uganda. Armed insurgencies in Burkina Faso, Mali, and Nigeria also contribute to the increasing number of refugees in the Sahel region. Conflict in the Democratic Republic of Congo in early 2025 has created further displacement in eastern Africa, with Burundi and Uganda seeing large new inflows. Most refugees originate from and resettle in poor localities, which can potentially tax host countries' limited resources. Nearly three-quarters (74 percent) of all refugees in Africa live in camps, often for protracted periods. More than 65 percent of refugees are poor, and few are self-reliant.

The existing refugee response system thus already struggles to deliver acceptable outcomes for refugees; worse, it is under increasing financial pressure. This pressure is the result of two concurrent developments. First, the global refugee population under the UN Refugee Agency's (UNHCR) mandate more than doubled, from 21.3 million refugees in 2021 to almost 32.0 million by mid-2024. Of these refugees, 28 percent live in Sub-Saharan Africa (SSA). Second, the amount of humanitarian financing available to address these challenges has been falling, reducing the amount available per refugee. Coupled with heavy reliance on a handful of donors, shifting policies among donor governments can severely disrupt humanitarian financing flows. Recent announcements point to a significant decline in external funding, and fiscal pressures among key donors suggest that this pattern will likely persist in the coming years.

Advocacy for refugee financing that keeps pace with the growing number of refugees remains crucial; however, the immediate challenge is to shift from a mindset focused on care and maintenance to one promoting development solutions to displacement. More specifically, there needs to be a move to sustainable interventions focused on economic inclusion and the promotion of self-reliance. This shift is reflected in the UNHCR's new vision, which goes under the moniker "Sustainable Responses." Sustainable Responses is about

maximizing self-reliance and minimizing dependence on humanitarian aid by expanding the human potential of forcibly displaced people and supporting host governments to bring refugees into their national systems.

Sustainable Responses is anchored in host country leadership and premised on the promotion of refugee self-reliance. With refugees having already spent an average of 13 years in exile, refugee situations (beyond the emergency phase) not only are humanitarian crises but increasingly have become development challenges. As with other development challenges, host governments have to lead the refugee response to refugees. To do so, they should be supported in implementing policies and approaches that limit the financial and social costs of hosting refugees. This objective implies providing access to labor markets so that refugees can meet their subsistence needs through nonhumanitarian income. Economic inclusion is more effective when coupled with freedom of movement and access to national service provisions like health and education so that refugees can move to where jobs best match their skills. Any sustainable response model needs to simultaneously invest in countries of origin and in the safe and voluntary return of refugees to reduce the need for international protection over time. This shift to a country-led development approach must be accompanied by development resources directed to host governments.

A new refugee response model will need to deliver better outcomes with the available resources. That goal is feasible: if host governments provide refugees with better opportunities to earn incomes, refugees' dependence on aid to meet basic subsistence needs falls, saving critical humanitarian resources. This report estimates that if refugees earned 25 percent more than they do presently—which is realistic, given the gulf in earned income between refugees and hosts—the need for humanitarian assistance would decrease by \$900 million annually in SSA alone. This amount is more than the annual outlay by the Window for Host Communities and Refugees, a funding mechanism of the International Development Association (IDA).

It is essential that the shift toward Sustainable Responses is accompanied by a coherent, measurable understanding of what self-reliance means. Without appropriate measurement, it is not only impossible to understand whether self-reliance has been achieved but also extremely difficult to build a body of evidence and generate the systemic learning required for it to be realized in the long run. Unfortunately, existing approaches to its measurement are at odds with the concept of self-reliance itself, because those approaches allow refugees who depend on humanitarian assistance to be considered self-reliant.

This report presents a new approach to measuring refugee self-reliance that defines refugees as self-reliant if their consumption from nonhumanitarian sources exceeds the poverty line. To be self-reliant, it is not sufficient for refugees to have a standard of living above the poverty line. Self-reliance requires that refugees generate the income necessary to attain a locally relevant, minimum standard of living without relying on humanitarian aid. It necessitates that refugees generate sufficient income to pay for their consumption, giving self-reliance a welfare connotation and reflecting the necessity to be active in the labor market. Because the proposed measure is anchored in best practice for poverty measurement and uses the same welfare standard used for nationals, it ensures comparability with host populations while signaling that for welfare purposes, refugees are not treated differently from their hosts.

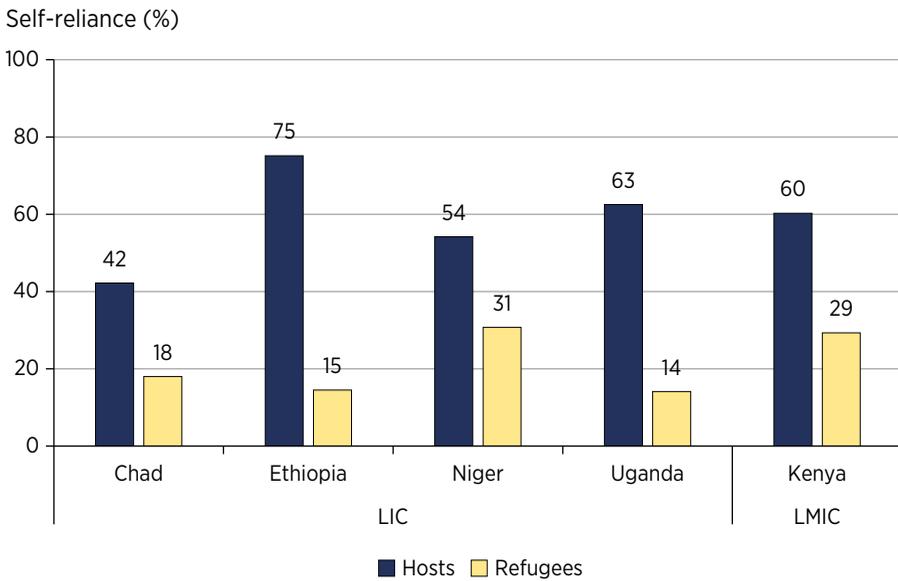
African countries typically embrace self-reliance as a concept, even when in practice many refugees continue to face economic participation restrictions. The SSA region has been at the forefront of establishing a regional legal framework governing the protection and assistance of refugees and internally displaced persons with the 1969 Organisation of African Unity Convention and the 2009 Kampala Convention. Many SSA countries have domesticated provisions of these conventions into their national laws by closing camps, adopting new policies, including refugee children in public schools, and providing access to land and labor markets. Despite these efforts, substantial gaps remain between refugees' de jure rights and the de facto realization of those rights.

Refugees already meet a considerable share of their subsistence needs through earned income. This report shows that many refugees work. It estimates that refugees' earnings in SSA are equivalent to nearly 62 percent (\$5.24 billion) of the \$8.51 billion needed to bring the consumption of all refugees in SSA to the poverty line. Humanitarian aid given to refugees, by contrast, accounts for about 20 percent of these subsistence needs (\$1.75 billion), implying a shortfall in assistance to refugees of \$1.5 billion annually. This shortfall represents a lower-limit estimate because humanitarian spending goes not just to refugees; a nontrivial share goes to host communities.

Because of this shortfall and the lack of labor market opportunities, refugees in SSA have high poverty rates and low self-reliance rates in both absolute terms and relative to host populations. Poverty rates among refugees vary from 57 percent in Kenya to 75 percent in Ethiopia, compared to national poverty rates of 39 percent and 25 percent, respectively, in those countries. Self-reliance among refugees varies by country, from a high of 31 percent in Niger to a low of 14 percent in Uganda (figure ES.1). In comparison, self-reliance among nationals is found to be 54 percent and 63 percent in those countries, respectively.

Figure ES.1 Self-Reliance among Hosts and Refugees

Self-reliance among refugees is much lower than among hosts living nearby.



Source: Hoogeveen and Hopper 2024.

Note: The analysis uses the international poverty line of PPP\$ 2.15 for low-income countries, including Chad, Ethiopia, Niger, and Uganda, and the global poverty line of PPP\$ 3.65 for Kenya. LIC = low-income country; LMIC = lower-middle-income country; PPP = purchasing power parity.

Assisting Refugees: Aid versus Self-Reliance

Subsistence aid and self-reliance are complementary. When refugees face restrictions on movement—residing in camps or living in isolated areas with limited commercial activity—or are prohibited from working, their ability to participate economically is constrained, and the cost of meeting their subsistence needs through aid becomes more substantial than it would be otherwise. Conversely, when refugees are not confined to remote areas but settle, for instance, in urban areas where they have freedom of movement and are able to find work and profitable opportunities, their economic participation tends to increase. Similarly, this increase occurs when refugees are provided with the means to farm or herd livestock. In scenarios in which refugees meet (part of) their subsistence needs through earned income, their reliance on external assistance is reduced.

Refugees' poverty is more likely to be addressed through enhanced self-reliance than through increased aid. For refugees to meet their subsistence needs, aid would need to increase substantially: by 180 percent in Chad, 100 percent in Ethiopia and Uganda, approximately 120 percent in Kenya, and 250 percent in Niger. It is doubtful whether such increases in aid are realistic in the existing geopolitical context. By contrast, if the shortfall was made up by increased refugees' earnings, incomes would have to increase by 47 percent in Chad, 94 percent in Ethiopia, 34 percent in Kenya and Niger, and 64 percent in Uganda. Although still ambitious, these increases are achievable with the promotion of more sustainable approaches to refugees' inclusion.

Refugees demonstrate a preference for self-reliance. Self-reliance offers refugees a path to financial autonomy and the ability to build a future independent of aid. Many refugees who leave camps forgo substantial levels of aid. In Chad, poor refugees in N'Djamena receive 3 percent of the international poverty line in subsistence aid, versus the 15–19 percent received by refugees in camps (figure ES.2). In Ethiopia, the differences are even greater, with poor refugees in camps receiving on average 36 percent of the international poverty line, compared to 1 percent for those living in Addis Ababa. Poor refugees in Nairobi also receive, on average, 1 percent of the global poverty line, whereas those in Kalobeyei receive 33 percent. Although refugees in urban areas lower average poverty rates than those in camps, refugees leaving camps do not know ahead of time if they will be able to secure productive livelihood opportunities. By forgoing aid and risking poverty, they reveal a strong preference for self-reliance.

At least three distinct advantages are associated with increasing self-reliance among refugees. First, self-reliance reduces dependence on humanitarian assistance and improves the dignity and financial autonomy of refugees. Refugees who are self-reliant are more likely to return to their countries of origin once returning becomes feasible. Second, increased refugee earnings reduce the need for humanitarian aid, allowing it to be directed to the most vulnerable. Finally, savings from promoting refugee self-reliance can be reallocated to development efforts benefiting both hosts and refugees, fostering economic participation, growth, and social cohesion.

Promoting refugee self-reliance thus creates the scope for a triple win:

- (1) an increase in refugees' earnings and self-reliance, more aid for the most vulnerable refugees who are unable to work, and a decrease in poverty;
- (2) reduced aid dependence, which creates savings in the amount of humanitarian assistance required; and
- (3) scope to direct (part) of the savings

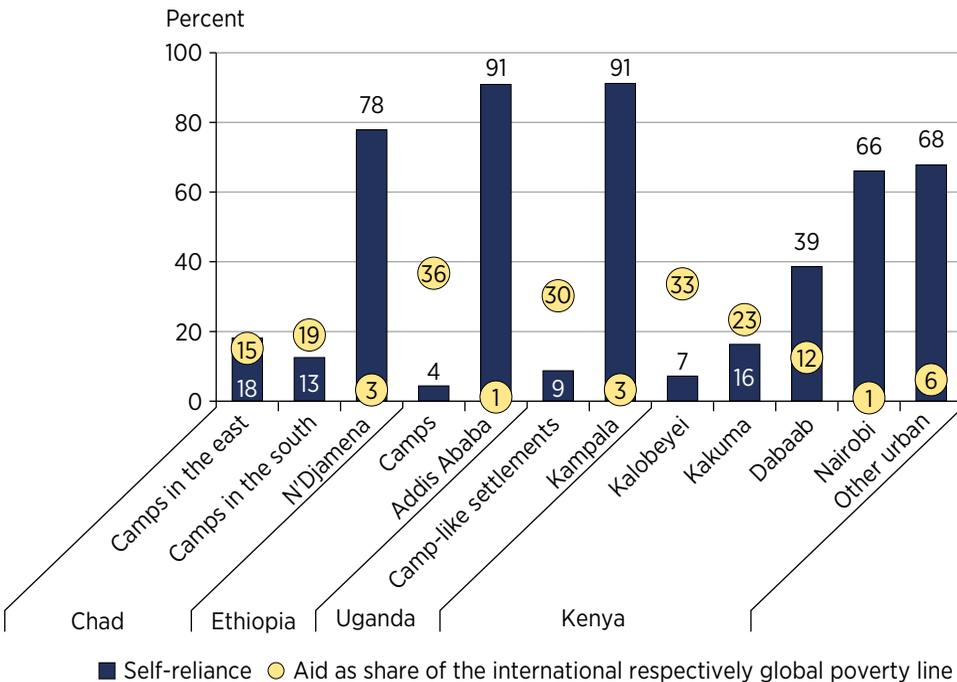
on humanitarian assistance to accelerate development in host communities. This development aid can be used to address any potential negative impacts associated with greater inclusion of refugees, while stimulating economic activity and creating job opportunities for both host populations and refugees. Thus, scope exists for a mutually beneficial bargain between international donors and host countries.

Despite these apparent benefits, self-reliance among refugees in SSA remains low and efforts to support these activities remain elusive.

To effectively address this challenge, it is important to delve into the factors that hinder self-reliance and engender high levels of dependence among refugees.

Figure ES.2 Self-Reliance and Subsistence Aid Received by Poor Refugees as Share of the Poverty Line for Refugees Living in Different Locations

Refugees living outside camps or camp-like settings are more likely to be self-reliant and receive less in aid than refugees who are encamped. The international community creates a perverse incentive by mostly spending on refugees who are constrained from realizing their economic potential, rather than on the dispersal of refugees and on investing in the development of host communities to the benefit of hosts and refugees alike.



Source: Hoogeveen and Hopper 2024.

What Drives Low Self-Reliance among Refugees in SSA?

Barriers to refugee self-reliance are multifaceted and rooted in both policy and structural constraints. Forced displacement disrupts livelihoods, depletes assets, and diminishes human and social capital, leaving refugees in need of support to rebuild their productive capacity so they can meet their subsistence needs through self-earned income. Early policy decisions play a critical role in shaping refugees' outcomes. When host countries have inclusive policies, refugees are more likely to integrate into local economies and national service delivery systems. However, such policies often entail significant recurrent costs to the host government and may lead to negative spillovers. In resource-constrained settings—particularly in SSA, where public financing constraints are severe—governments may prefer to house refugees in camps, shifting the responsibility of their care to the international community. Consequently, even in countries with inclusive policies, camps or camp-like situations remain prevalent because they mitigate perceived security risks and place the burden of care on humanitarian partners, for whom camps make it easier to assess needs and deliver assistance.

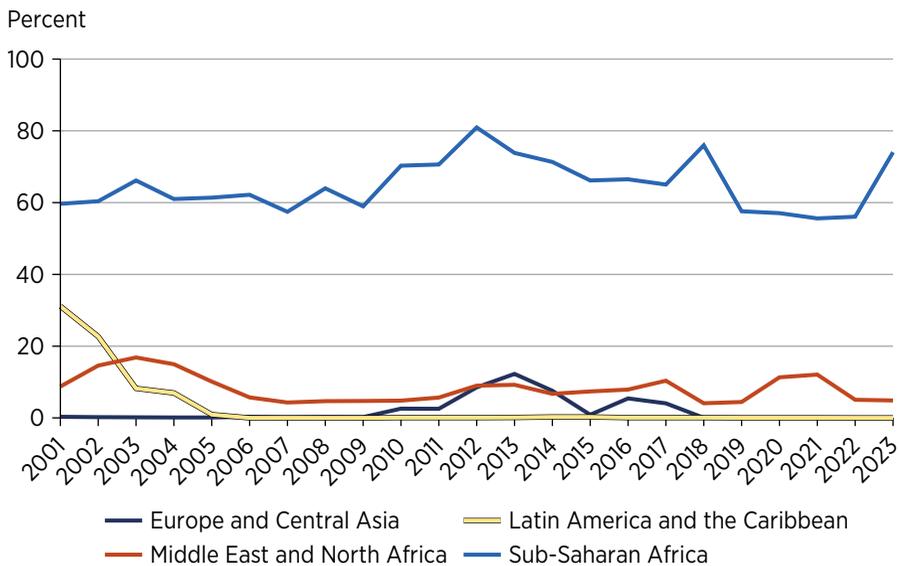
Even without the creation of formal camps or settlements, refugees tend to cluster in informal settlements where humanitarian support is delivered. This tendency creates a cyclical problem: although many host countries in SSA have inclusive policy environments, they allow the establishment of camps or informal settlements because of inadequate financing. Once camps have been created and reach a certain size, they become hard to dismantle because (1) humanitarian agencies focus their assistance primarily through these camps; (2) host countries fear that their closure might create economic and social disruptions; and (3) refugees are reluctant to leave because doing so is risky, is costly, and leads to reduced access to aid. The combination of these factors leads to low levels of self-reliance and continued aid dependence even in countries with progressive refugee-hosting policies.

A large proportion of refugees in SSA is confined to camps (figure ES.3) and settlements situated in isolated and lagging areas with limited economic opportunities. Most camps are situated in remote areas, where refugees face food insecurity and limited access to livelihood opportunities, health care, and education; public service delivery is stretched; and it is more challenging to create employment opportunities. Poverty among encamped refugees is extremely high, ranging from 45 percent in Dadaab in Kenya to 84 percent among camps in Ethiopia, and poverty among hosts—typically those living within 15 kilometers of where refugees reside—is also very high. Although not as high as rates among refugees, poverty rates for host communities tend to exceed

national poverty estimates: for instance, in Kenya, poverty rates (using national poverty lines) in Garissa and Turkana, where Kenya’s refugee camps are housed, are 68 percent and 78 percent, respectively, compared to the national poverty rate of 39 percent (KNBS 2024). In Chad, poverty (using national poverty lines) among host communities is about 70 percent, compared to 42 percent nationally. Camps located in more remote areas characterized by fewer economic opportunities often demonstrate lower levels of self-reliance. In Kenya, self-reliance among refugees is lower in Kakuma (16 percent) and Kalobeyei (7 percent) than in Dadaab (39 percent), which benefits from closer proximity to population centers and trade routes. In contrast, refugees in urban areas tend to have higher rates of self-reliance than those in camp settings. For instance, in Ethiopia, self-reliance rates among refugees in camps are estimated at just 4 percent, compared to 91 percent among refugees in Addis Ababa. This situation highlights the limited economic opportunities that exist in and around camps or settlements for both refugee and host communities. It suggests that restoring the productive capacity of encamped refugees without improving the economic opportunities available to them is unlikely to lead to significant improvements in refugee self-reliance.

Figure ES.3 Percent of Refugees Living in Camps or Camp-Like Situations, Selected Regions

The percent of refugees living in camps or camp-like situations is highest in Sub-Saharan Africa. Unlike in Latin America and the Caribbean, which eliminated refugee encampment, the fraction of encamped refugees in Sub-Saharan Africa remained stable and increased more recently, driven by the conflict in Sudan.



Source: Original calculations using data received from the United Nations High Commissioner for Refugees’ Global Data Service.

Financing for refugee situations is not aligned with self-reliance objectives.

A large share (66 percent) of the official development assistance allocated to refugee hosting is for humanitarian funding, even though only 22 percent of refugees are in emergency situations, a mismatch that is particularly strong in SSA. Moreover, large variations arise in the amount of aid refugees receive. Poor refugees in Ethiopia, Kenya, and Uganda receive two to four times more aid, on average, than those in Chad and Niger. Refugees residing in camps or settlements tend to receive the most assistance, whereas refugees living outside camps receive very little. In some situations, refugees in camps fare better than those in their host communities. Finally, subsistence aid and self-reliance are found to be inversely correlated. Settings in which refugees are less likely to be self-reliant receive higher levels of aid; settings in which refugees are more self-reliant receive lower levels of aid. Although this correlation makes sense from a humanitarian perspective—that is, subsistence aid is given where it is most needed—from a development perspective it suggests a perverse incentive in that more aid is spent in environments where refugee self-reliance is hindered. The challenge is to transform the current situation to one in which less humanitarian assistance is needed because refugees are more self-reliant and more development aid is used to incentivize self-reliance.

Lessons Learned from SSA

Uganda’s vision that refugees can contribute to the development of host areas can be embraced more widely. Uganda’s approach promotes self-reliance by providing refugees with plots of land in integrated settlements, offering a sustainable source of livelihood that can reduce aid dependence. In addition, the approach involves efforts to strengthen the local institutional capacity and enhance service delivery in host areas to minimize disparities in access to basic services and avoid tensions between refugee and host communities. The model suggests that better economic and social integration of refugees and greater access to productive assets such as land can increase self-reliance. In Chad, refugees’ economic integration in urban areas could be challenging given the country’s large number of refugees and its low level of urbanization. Chad’s vast territory and low population density make land-based inclusion approaches a viable alternative. Chad could, in fact, borrow from Uganda’s playbook and consider refugees’ economic inclusion a vehicle for rural development and associated investments in connectivity and markets and improvements in service provision.

For a land-based strategy to work, refugees need to be more dispersed.

Findings from Uganda reveal that only when refugees have access to sufficient land do they become self-reliant. When refugees are concentrated in the same

location, access to fertile land inevitably becomes a constraint. Dispersion across the country means either more and smaller settlements or inclusion of refugees in existing villages. Many refugees originate from rural areas and are likely farmers or pastoralists. Provided with access to land or livestock, these refugees could be interested in spreading out across the country and integrating in rural communities that, in turn, may be interested in receiving refugees, especially when their arrival is associated with investments in local schools, clinics, and other public goods.

A shift to portable assistance can improve dispersion and self-reliance.

Refugees in urban areas have higher rates of self-reliance than those in camps or settlements, as seen in Chad, Ethiopia, Kenya, and Uganda. Even when refugees have freedom of movement, however, many remain in camps or settlements where economic opportunities are limited. The near-absence of assistance in urban areas may trap destitute refugees in settlements because they lack the financial means to migrate to areas with greater opportunities and cannot afford the risk of moving if they cannot immediately find gainful employment. Moreover, they may not want to leave behind the home and land they have been provided for risk of losing it. Even when camps or settlements are not formally established, the provision of location-based humanitarian assistance—including through the construction of housing and financial support for schools, clinics, and public infrastructure—can lead to a spontaneous process of clustering, which may tie refugees to areas unsuited for economic integration because of skills mismatches, competition for limited resources, or a lack of economic opportunities. If humanitarian assistance were made portable, and refugees could use national health and education services, more refugees would locate in areas where they have greater chances of economic success.

Area-based development may not bring significant gains in self-reliance.

Analysis from Kenya shows that even if encamped refugees were fully economically integrated in the areas where they now live, their incomes would not change significantly, because hosts exhibit significant levels of poverty as well. Refugee camps are found in the more marginal parts of Kenya, with restricted potential for gainful economic activity. The local demand for goods and services is limited because levels of poverty are among the highest in the country and population density is among the lowest. Distances to consumer markets are large and costly to cover, the agropastoral economic potential is constrained by low rainfall and high temperatures, and the potential to develop a (dematerialized, online) service industry is hindered by language barriers and low levels of education of hosts and refugees. Economic development is typically concentrated and unbalanced, and attempts to spread it to remote areas can be costly and ineffective. This is one of the evident shortcomings of the Kalobeyei

experiment, which should provide insights for the area-based development strategies being pursued, including through the Shirika Plan.² Area-based development may be justified as a development intervention for hosts, yet area-based development is unlikely to make refugees self-reliant: doing so will require dispersion and freedom of movement to allow refugees to go where the economic opportunities are.

Dismantling large refugee camps requires a considered, gradual approach.

Integrating large refugee populations into the economy overnight would lead to congestion, labor market surplus, overcrowded schools, and additional stresses on health facilities; it would also exacerbate the already dire housing and sanitation conditions that plague many urban and rural areas. In fact, economic activity might even decline if the humanitarian camp economy winds down and the “aid economy” it has created is not replaced by other economic activity, thus leading to reduced demand for local goods and services. Smoothing the outflow of refugees over time can allow the economy to adjust. Governments concerned about large and sudden outflows of refugees to urban areas could set up a permit system in which, each year, a certain number of refugees are given the irrevocable right to move freely around the country in return for the obligation to permanently leave their camp. They could encourage dispersion across the country by shifting development investments to villages welcoming refugees. The assistance model in camps could shift from universal in-kind assistance to portable assistance for those who leave and to employment-based approaches, such as cash for work, for those who remain and are able to work. Refugees who have the capacity to become self-reliant would thus be incentivized to leave and settle elsewhere, and humanitarian assistance could then be targeted to the most vulnerable who cannot work or leave.

Dispersion of refugees requires development investments in host communities.

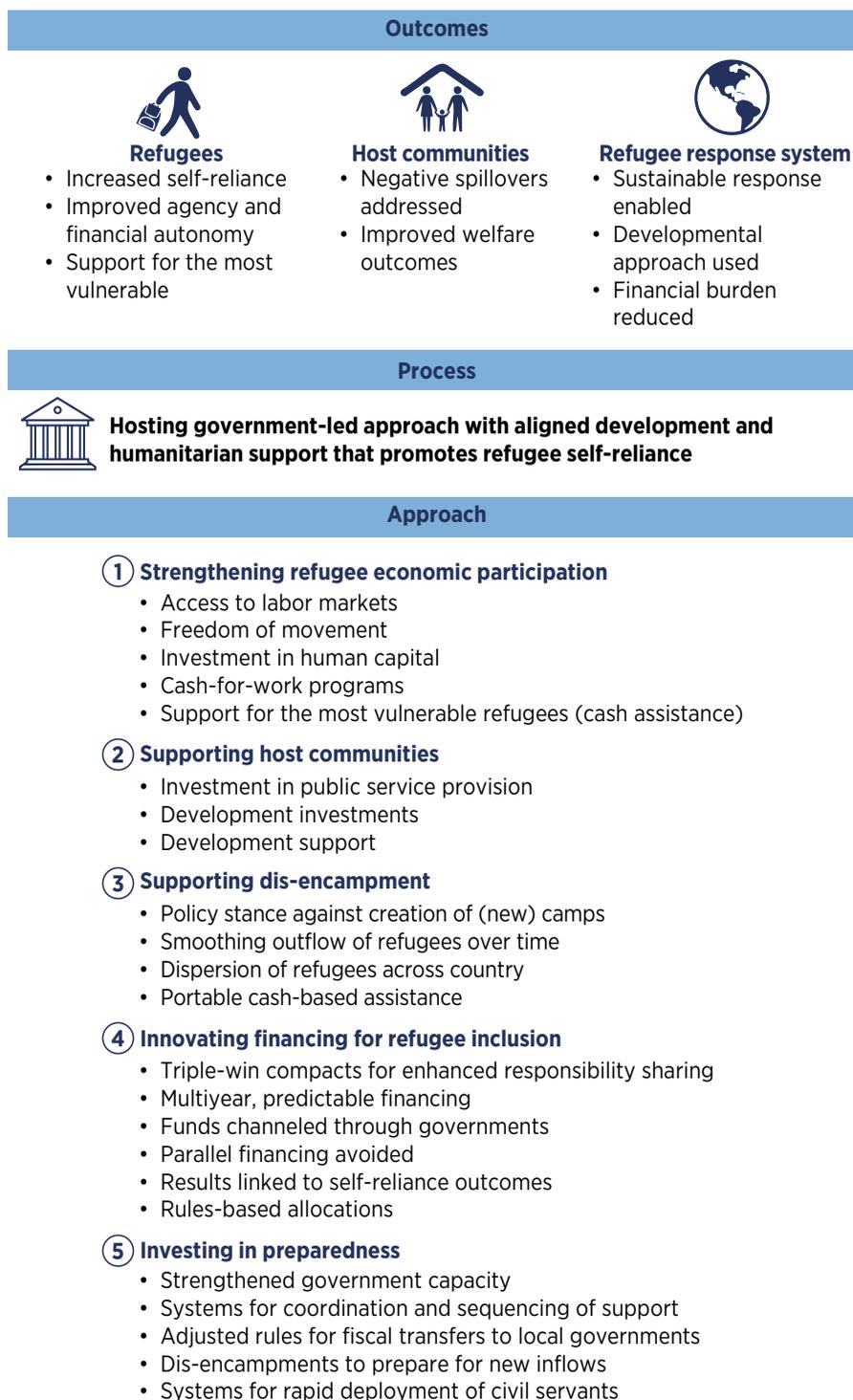
Investing in locations where refugees settle may be essential for durable refugee integration. If conceptualizations of self-reliance fail to adequately consider the implications of refugee inflows on local resources, livelihood opportunities, and public services, the promotion of refugee self-reliance may reduce rather than improve welfare among refugees and hosts. Host areas must provide viable livelihood opportunities for refugees while maintaining hosts’ ability to realize their own economic needs and maintain current access levels to essential services, such as education and health. Failure to do so may see local livelihood opportunities and complementary public goods overwhelmed by the presence of refugees, with potentially significant, long-term, negative effects on the livelihoods of refugee and host populations as well as on perceptions of refugee self-reliance models. As such, in many refugee-hosting areas, investments in public goods will be necessary for refugees’ integration to be realized.

Preparedness is key to managing refugee inflows effectively and mitigating their impact on host communities. Preparedness is essential because refugees' movements, although often seen as crises, frequently follow predictable patterns. Humanitarian actors already pre-position food and nonfood items close to potential refugee situations, develop rosters of personnel who can be quickly mobilized in response to displacement, and have fundraising systems in place to mobilize funds immediately after a crisis hits. Governments and development partners can similarly take proactive measures, including adjusting rules for fiscal transfers to local governments; preparing public sector deployments in receiving areas; strategically planning refugee accommodations to avoid path dependence and social tensions; and adopting sustainable, inclusive hosting policies. These efforts can ensure a smoother transition for refugees while minimizing the strain on host communities.

Toward Greater Refugee Self-Reliance in SSA

SSA presents a unique paradox in that although most host countries have inclusive policy environments for refugees, low self-reliance remains prevalent among refugees. This report highlights some key, if self-evident, findings. If the ability to work is restricted, refugees will not be able to take care of themselves; when refugees receive tiny pieces of land, they will not be able to live off of it; if assistance is given in certain locations, refugees will flock there; successful economies cannot be built in remote, arid areas; and refugees' dependence implies that aid money has to be spent on care and maintenance and is not available for development. These findings may be self-evident, but they reflect standing practice; combined, they create an environment in which self-reliance is inhibited and dependence thrives.

A successful transformation toward self-reliance implies deep changes to the prevailing refugee-hosting model. Refugees' economic participation will need to strengthen and their aid dependency decrease, whereas reliance on encampment will have to be reduced and inclusion in public service provision promoted. The way refugee situations are financed will also have to change, with less reliance on humanitarian assistance and a greater role for development assistance that places more emphasis on multiyear predictable financing and on financing modalities that reflect the nature of spending, such as investments in development projects, budget support, and results-based financing for recurrent spending. Because refugees' economic inclusion can lead to friction with hosts, refugee policies will need to carefully consider and address the concerns of host governments and invest in the economic development of refugee *and* host populations. Such an approach is summarized in figure ES.4.

Figure ES.4 Key Elements to Promoting Refugee Self-Reliance

Source: Original figure created for this report.

What is required is a shift in perspective away from considering refugees as a burden to one that emphasizes the scope for local development and a triple win—that is, with benefits for host countries, refugees, and the international community alike. Refugees have agency, abilities, and a revealed preference for financial autonomy and self-reliance. When refugees are more economically active, assistance for their care and maintenance can be reduced. Resources spent on handouts for refugees who are capable and ready to take care of themselves can be invested more productively in strengthening refugees' productive capacity and restoring their asset base, providing social assistance to vulnerable refugees who are unable to work, and promoting the growth and development of host economies. If refugees are able to go to schools and clinics used by nationals, they have less reason to remain in camps, where parallel systems are the norm, and investments could be redirected to strengthening national schools, clinics, and systems. In this way, a triple win is created—one whereby refugees have jobs, savings on humanitarian aid are realized, and investments are made in the economic development of host countries.

The spending that could be reallocated toward development is significant. A 25 percent increase in refugees' incomes in SSA would unlock an additional \$900 million per year for investments in development, assuming financial commitments from donors remain unchanged. These resources could be allocated to support the most vulnerable refugees, or they could be channeled to host governments and used to address negative distributional effects and to invest in job creation and economic opportunities for refugees and host communities alike.

A shift to greater economic inclusion by host countries should be accompanied by predictable, rules-based developmental financing that uses government systems and favors economic inclusion over needs.

Refugee financing will have to become "incentive compatible" and less based on needs. Needs will always be higher when refugees have few economic opportunities, and financing that reflects needs not only is costly but also effectively rewards economic exclusion. Instead, financing should reward countries for shrinking the financial burden of hosting refugees by including them in their economies. Refugees' inclusion necessitates investing in their productive capacity and addressing negative spillovers of inclusion. It also requires investments to meet the recurrent expenditures for national education and health service delivery and system strengthening. Host countries are more likely to implement inclusive policies with the assurance of multiyear financing that is results based and channeled through the treasury. Parallel financing, including paid-for services, is to be avoided.

A rules-based allocation system determined on the scale of the challenge, host governments' financial capacity, and the sustainability of country responses could be used to allocate funds. Such a system could take into account aspects such as the wealth of a country (less need for financial burden sharing with higher-income countries); the number of refugees; the protractedness of the situation (emergency situations are expensive); the prevailing refugee policy framework; and the inclusion of refugees in national economies with, possibly, separate windows for host governments and humanitarian agencies. IDA allocations are determined using such a formula-based approach, and refugee financing could take its cue from this approach.

Host governments must take leadership of the refugee response. Once an inclusive policy environment is in place, governments can take a strong policy stance against encampment, work with humanitarian partners on dis-encampment strategies, or establish clear transition plans for temporary camps where necessary. They can advocate for triple-win compacts to unlock development financing that can be invested in economic development, expand national public service provision, and address any negative spillovers from inclusion. They can clearly demarcate the roles and responsibilities of partners that operate within their borders to prevent redundancies in service delivery while strengthening national systems.

Like many reforms across sectors, moving from parallel systems to refugees' inclusion introduces changes to the status quo, including shifts in roles and responsibilities. These changes can create opportunities for improved collaboration and partnerships between government and humanitarian actors. However, inclusion inevitably means reducing the role of actors involved in parallel systems, including those of humanitarian actors and specialized refugee agencies, and increasing the responsibilities of relevant line ministries and government agencies. These shifts need to be managed carefully to mitigate risks around perceived competition over resources and policy influence.

Humanitarian agencies must adapt their roles to support long-term development, reduce redundancy in service delivery, and enhance the efficiency of humanitarian aid. Often stretched thin, humanitarian agencies face challenges in balancing their emergency response and legal protection mandates with refugees' long-term development needs. As refugees increasingly access national health and education systems, the necessity of parallel humanitarian services diminishes. Although humanitarian agencies may still provide specialized services addressing refugees' unique vulnerabilities, such as legal protection or return assistance, a focus on the "core" business and a shift to national systems are essential.

Significant opportunity exists to align development financing (including financing from the Window for Host Communities and Refugees) with efforts to avoid encampment and promote self-reliance. Nearly all encamped refugees (99.8 percent) are found in IDA or IDA-blend countries, suggesting that, in these countries, development financing can be leveraged to promote self-reliance and invest in jobs for refugees as well as hosts. Money currently spent on subsistence needs can be more productively invested in service quality, jobs, and economic development in host communities, or it can be reallocated to host governments to support the recurrent spending they incur from including refugees in national services.

Notes

1. Unless otherwise indicated, poverty is measured by the international poverty line (IPL) of PPP\$ 2.15 for low-income countries, and by the global poverty line of PPP\$ 3.65 for lower-middle-income countries. PPP = purchasing power parity.
2. The Kalobeyei experiment and the Shirika Plan are refugee response strategies adopted by the government of Kenya to promote refugee socioeconomic inclusion within integrated settlements, accompanied by investments in area-based development.

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Making Refugee Self-Reliance Work: From Aid to Employment in Sub-Saharan Africa advocates for the enhancement of refugee self-reliance as a strategic, humane, development approach to refugee assistance. Facilitating refugees' capacity to support themselves through gainful work not only upholds their dignity and autonomy but also offers socioeconomic benefits to host communities by unlocking opportunities for shared investment and development.

The report demonstrates how refugee self-reliance in Sub-Saharan Africa remains elusive and identifies various reasons why this is the case: encampment limits the scope for self-reliance; restrictions on refugees' right to work hinder self-sufficiency; small allocations of infertile land make even subsistence farming impossible; aid delivery in specific areas contributes to settlement patterns in which skills and economic opportunities do not match; economic development in remote, resource-scarce regions is unsustainable; and dependence on aid shifts funding priorities from long-term development to unproductive care and maintenance models.

To overcome these challenges, the report outlines five areas for policy action:

1. Ending restrictive encampment policies
2. Boosting refugees' economic participation
3. Supporting host communities
4. Reshaping financing and investment models
5. Investing in preparedness.

Success requires committed leadership from host governments, as well as coordinated engagement and sustained support from humanitarian organizations and development partners.