

Cities of arrival

Integrated urban and private sector responses to migrants and refugees

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By **Giulia Maci, San Bilal, Anna Knoll and Eva Dick**

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The views expressed in this paper are those of the authors.

KEY MESSAGES

Temporary displacement should be thought of as long term, not short term: the average displacement duration for a refugee is more than 10 years.

Most displaced people and refugees live in towns and cities – either because that is where they have moved, or because long-term camps become like towns.

Both humanitarian and development actors need to engage more forcefully with the urban aspects of displacement – from infrastructure and service provision, through to employment and labour market regulation.

The private sector will be at the heart of a comprehensive response, and will need new norms, standards and regulation.

The EU has set a progressive policy framework and now needs to deliver, by tailoring development interventions to address socio-economic impacts of large-scale displacement them, interacting with non-traditional partners, providing innovative funding modalities, such as the Emergency Trust Fund for Africa and the Facility for Refugees in Turkey, and delivering both humanitarian aid and development responses from the onset of a crisis.



1. INTRODUCTION

Migration is a local reality. People may migrate voluntarily, but migration can also be an imperative necessity. Approximately 30 million people are currently considered refugees or internally displaced people, two-thirds of whom live in urban areas. Forced migration and refugee inflows into cities are taking place within the broader context of global urbanisation. And large camps such as Zaatar in Jordan and Dadaab in Kenya are increasingly considered as cities in their own right.

The international community should adopt a new approach to create communities in which migrants and refugees can become self-sufficient faster, and can contribute to the sustainable economic development of their host communities. This note argues for an improved humanitarian response to displacement that would see humanitarians working directly with local authorities and engaging with the private sector. First, this note examines the refugee crisis from an urban perspective. It then describes the shifting paradigm of European Union (EU) responses to displaced populations, and underlines the opportunities for a city-scale approach that involves the private sector. Finally, it suggests priorities for the EU, municipalities and business partnerships to ensure refugees' and migrants' long-term engagement in their host communities.

2. THE REFUGEE CRISIS IS AN URBAN CRISIS

The majority of the world's displaced – more than 60% of refugees and 80% of internally displaced people – now live in urban areas,¹ outside of formal camps. For instance, 90% of Syrian refugees now reside in cities, whether in “informal tented settlements”, rented rooms, or half-finished buildings.² In Jordan, Lebanon and Turkey, the arrival of refugees has sometimes doubled the size of hosting towns. And cities in sub-Saharan Africa, Asia and Latin America, such as Nairobi,

Karachi and Bogotá have also experienced important growth due to forced displacement in recent decades.³

This happens for a number of reasons. Cities are, for the most part, centres of economic growth and opportunities, where entrepreneurship and innovation are rewarded. Although in many countries, they are harsh environments that expose refugees to abuse and harassment (notably while working in the informal economy), cities are also socially mixed places where, with the right support and enabling legislation, refugees can make a productive contribution to the local society and economy.

While most refugees live in cities, urban conditions and the impacts of displacement on both refugees and hosting communities vary considerably. A recent World Bank report identifies four types of refugee-hosting cities, each of which needs different blends of humanitarian and development responses: (1) large cities with localised displacement impact (e.g. Amman, Beirut); (2) medium-sized or small cities under widespread stress from displacement (e.g. Tripoli in Lebanon and Mafraq in Jordan); (3) cities and towns heavily affected by conflict damage (e.g. Aleppo and Homs in Syria); and (4) urbanising camps.⁴

In relation to camps, many of those that were initially established as “temporary” have now evolved into what some see as “cities”, with people living there long-term: in 2015, more than 40% of refugees had been displaced for more than 10 years, and 20% for more than 30 years.⁵ One such example is Dadaab in Kenya, which, with its 250,000 inhabitants, is the biggest refugee camp in the world. It generates an annual turnover of around \$25 million.⁶

Concentrations of social and economic activities, as well as evolving labour markets, take place within refugee camps, whose size, layout, demographic density, evolving infrastructures and social and economic activities give them urban features. Yet the actual development prospects of these areas and their inhabitants are shaped by both

1. UNHCR USA (n.d.) “Urban Refugees”: www.unhcr.org/en-us/urban-refugees.html

2. UNHCR (2018) “Syrian Refugee Regional Response”. Operational Portal: Refugee Response. Dataset: <https://data2.unhcr.org/en/situations/syria>

3. Darling, J. (2017) “Forced migration and the city: Irregularity, informality, and the politics of presence”, *Progress in Human Geography*, Vol. 41(2)

4. World Bank (2017) “Cities of refuge in the Middle East”. Policy Note. <https://openknowledge.worldbank.org/handle/10986/28901>

5. Overseas Development Institute (2016) “10 things to know about refugees and displacement”. Infographic: <https://www.odi.org/sites/odi.org.uk/files/resource-documents/11168.pdf>

6. See: <http://www.iirinnews.org/analysis/2016/01/20/refugee-camp-became-city>

local policies, and national and international refugee and humanitarian policies. These define to a large extent the relationship between camp and outside cities and communities, as well as refugees' access to education and local resources.

3. WHY URBAN MATTERS: OPPORTUNITIES IN A PLACE-BASED AND CITY-SCALE APPROACH

Against the background of protracted displacement, the long-term integration of refugees in their respective hosting environments is ever more pertinent. In this regard – and whether considering displaced people living in long-term camps or in city neighbourhoods – a place-based and city-scale approach for refugee integration is essential. There are several reasons for this:

a) Cities offer platforms for interaction and (durable) integration

Cities and urban spaces provide manifold opportunities for social, economic and political integration. For instance, public spaces and housing in urban neighbourhoods can be used as platforms of interaction, and have the potential to reconcile differences and build social capital. Launched in 2012 by the city mayor, the Chicago New Americans Plan recommended an array of new programmes and initiatives, designed to improve the day-to-day lives of immigrants while also promoting Chicago's economic growth and cultural vitality.⁷

b) Cities play an important role in promoting positive public perception of migrants and refugees among the public

Municipalities and local stakeholders can help people understand migrant and refugee experiences, which can in turn help communities more positively receive displaced people. When considering the urban responses to the reception of migrants and refugees, policy-makers and donors should also take into account the positive role that



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civil society initiatives such as 'Refugees Welcome' has played so far.⁸

c) Cities reveal sites of vulnerabilities and conflict

Refugees often move to already marginalised neighbourhoods, where residents tend to be more vulnerable than the rest of the city's population. Increased population pressure in the context of refugee settlement can exacerbate existing problems – such as low levels of service provision and exposure to natural hazards. This creates high potential for conflicts between newcomers and “established” communities. Consequently, social infrastructure planning needs to be informed by urbanisation and mobility dynamics. In 2016, the Municipality of Thessaloniki launched an ambitious integrated housing programme called REACT that identifies and establishes a target 888 accommodation places in private apartments or collective centres and host families, while also organising social integration support.⁹

d) Cities provide opportunities for an inter-sectorial whole-of-society perspective

Successful integration is a process that happens over time and – most importantly – across many different policy areas including, for example, mobility, education, employment, entrepreneurship, culture. Cities and urban neighbourhoods (particularly those with high proportions of migrants and refugees) provide opportunities for place-based and integrated humanitarian and development programming.

7. Office of the Mayor, City of Chicago (2012) “The Chicago New Americans Plan: Building a Thriving and Welcoming City”: <https://www.cityofchicago.org/content/dam/city/depts/mayor/Office%20of%20New%20Americans/NewAmericanBookletfullplan.pdf>

8. <https://www.refugees-welcome.net/>

9. <http://www.react-thess.gr/>



This also implies that assistance and development initiatives should not only focus on refugees but also be open to the established population or other migrants. One example of how urban infrastructure is helping to integrate marginalised communities is Medellín's Metrocable system, which has helped connect low-income residents and displaced populations to their city.¹⁰

e) Cities are testing sites for new forms of community and participation

Involving both refugees and the more established population in the conceptualisation and realisation of (spatial) urban development can promote dialogue between the two groups. Generally, participatory urban processes – which can result in tailored responses to the needs of different categories of migrants and displaced groups – are preferable to top-down approaches that cannot prevent negative impacts on vulnerable people. They may also encourage newcomers to develop city- or community-based ownership. This being said, current definitions of citizenship and related access rights to social and political participation may need to be revisited in times of dynamic movement (that is, both in and out of, as well as within, cities).¹¹ Placemaking Network Nairobi¹² is a public-private partnership that engages stakeholders and inhabitants in building urban security, supporting livelihoods and enhancing urban resilience through the transformation and development of the public space.

f) Cities attract private investment

Worldwide investment in urban land is increasing rapidly. However, rapid urban growth and migration make cities extremely vulnerable to a wide range of natural and manmade shocks and stresses. International donors and agencies should support local municipalities to foster a local policy environment that encourages private investment in urban resilience. In this context, the (often trans-local) assets and skills of refugees and other migrants should be systematically explored. A recent study by the



There are more than 2,000 businesses and small shops in Kakuma, and the area's economy is worth \$56 million.



International Finance Corporation and the United Nations High Commissioner for Refugees (UNHCR) looks at Kakuma camp in Kenya from the perspective of setting up a private business. It finds that there are more than 2,000 businesses and small shops in Kakuma, and the area's economy is worth \$56 million.¹³

In conclusion, a place-based and city-scale approach to refugees and internally displaced people delivers more comprehensive and innovative responses that are based on people's real needs. This means providing public spaces for social interactions, mobility solutions, decent housing, space for innovation, entrepreneurship and access to markets. In all these aspects, informal and formal private sectors play a critical role, and their engagement could further benefit refugees and internally displaced people in cities – including those camps that are increasingly assuming urban features.

4. PRIORITIES FOR ENGAGING WITH THE PRIVATE SECTOR

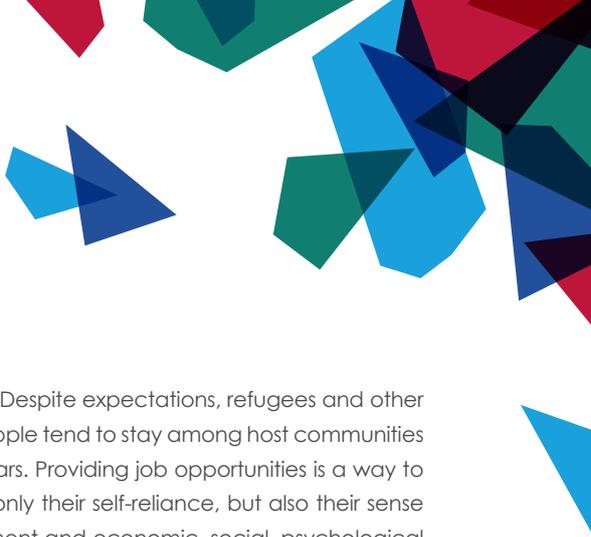
The private sector's role as a central pillar of economic development has now been widely recognised in the international development agenda, as embodied by the United Nations 2030 Agenda for Sustainable Development and the related Addis Ababa Action Agenda on financing for development. Public development actors in particular have devoted increasing attention to engaging more

10. <http://gondolaproject.com/category/installations/medellin-metrocable/>

11. Dick, E. and B. Schraven (2017) "Urban governance of forced displacement: premises, requirements and challenges in the light of new humanitarian trends", *RaumPlanung* 5/2017: 26

12. <https://twitter.com/PlacemakingNBI>

13. International Finance Corporation (2018) "Kakuma as a marketplace": https://www.ifc.org/wps/wcm/connect/8fb8fab4-af24-4b09-bdff-2109d2c45974/20180427_Kakuma-as-a-Marketplace_v1.pdf?MOD=AJPERES



effectively with the informal and formal private sectors, and to leveraging investment for greater development impact. Building on the continuing need for instruments of traditional development cooperation and humanitarian aid (notably grants, technical assistance and aid relief), the development community can deploy innovative approaches and instruments to incentivise and support private-sector-led initiatives as part of the toolbox for achieving the Sustainable Development Goals.

Private-sector engagement is also gaining a higher profile in rapid urbanisation processes, and increasingly among refugees and host communities. And while engagement with the private sector is no panacea, it does offer opportunities to address differently some of the challenges faced by refugees and host communities.

Private-sector involvement is a means to not only promote external private investment and engagement, but also to stimulate internal private initiatives among refugees and host communities. Given that 60% of the refugees live in urban areas, an integrated approach is required to foster the private sector's involvement in issues related to refugees and other displaced people, host communities and city development.

Opportunities for private-sector involvement include:

a) *Infrastructure development*. Refugee camps, local communities and growing cities are often plagued by inadequate infrastructure, which can be even more strained in cities by the flux of refugees and rural migration towards urban centres. Approaches to incentivise private sector investment and solutions can usefully be adopted, including through public-private partnerships.¹⁴ While attention has traditionally been devoted to transport and housing, access to energy and connectivity (in particular, access to the internet and to mobile phones) are critical for the development of private-sector activities by refugees and host communities.

b) *Job creation*. Despite expectations, refugees and other displaced people tend to stay among host communities for several years. Providing job opportunities is a way to increase not only their self-reliance, but also their sense of empowerment and economic, social, psychological and physical well-being. Jobs for refugees can also benefit local communities, increasing local consumption and providing new job opportunities for the local population (e.g. 21% of refugees owning a business in Uganda create at least one job for local people).¹⁵

But job creation can also create tensions if the local population feel that opportunities privilege refugees. Host governments have often been reluctant to provide work permits for refugees, as in the case of Turkey and Lebanon. This has resulted in the growth of the informal sector as a main source of jobs and revenue. So, while specific attention to job creation for refugees is warranted, the approach should be more comprehensive, addressing also broader job needs from local populations.

c) *Access to finance*. Job creation schemes are mostly the result of private initiative. Refugees may be highly skilled and very entrepreneurial (e.g. 12% of refugees are shop and business owners in Kakuma camp).¹⁶ And at the same time, cities offer many opportunities for business development. But access to finance is commonly a major limiting factor. Fostering access to private finance – for instance through mobile banking, access to microfinance, (social) impact investment and other innovative mechanisms – is of prime importance. Special attention must be given to micro-, small- and medium-sized enterprises, and to women and young people's access to finance. The financial needs and specificities the informal sector – a main source of economic activity for refugees and local populations – should also be recognised. Innovative solutions for financing infrastructures and industrialisation processes (including for instance considerations on special economic zones

14. Earth Security Group (2016) "Forced Displacement & Development: Public-Private Partnerships for Sustainable Solutions": <https://earthsecuritygroup.com/wp-content/uploads/2016/09/ESG-Forced-Displacement-and-Development.pdf>

15. O'Loughlen, A. (2018) "Refugees can actually create jobs for locals in growing cities – if given the chance", The Conversation, 11 May; <http://theconversation.com/refugees-can-actually-create-jobs-for-locals-in-growing-cities-if-given-the-chance-96289>

16. International Finance Corporation (2018) "Kakuma as a marketplace": https://www.ifc.org/wps/wcm/connect/8fb8fab4-af24-4b09-bdff-2109d2c45974/20180427_Kakuma-as-a-Marketplace_v1.pdf?MOD=AJPERES

and special development zones) should be more actively pursued.¹⁷

- d) *Market opportunities.* Perhaps more fundamentally, engaging the private sector often requires a paradigm shift, whereby the public sector – including the development community – has to acknowledge the potential for market opportunities, not only in consumption and production, (financial) services, telecommunication, but also in areas such as health, education, housing, energy, social services, etc. To unleash the private sector's potential for sustainable development, there needs to be at local level: a conducive business and regulatory environment; the promotion of transparency and responsible (business) conduct; and a fostering of (capital) market development.
- e) *Innovative solutions.* Such a paradigm shift also means a greater reliance on private innovation, to address needs in innovative ways. In this respect, public procurement practices are a good example, where instead of specifying solutions that should be provided by the private sector, public entities can better identify the required outcomes and leave the technical solutions proposed to the private bidder.
- f) *Education, skills-development and training, capacity building.* Improving the capacity of refugees and local populations to engage in productive economic activities is also a critical dimension of any approach to encourage private-sector initiative and solutions. Doing so can also be a source of new private activities. The Jordan Compact for Refugees is one such attempt to foster education around job creation.¹⁸

Private-sector involvement is no panacea, nor is it a substitute for public policy actions or broader multi-stakeholder initiatives. But it is an important dimension of development endeavours to help addressing in a more comprehensive and innovative manner the migration–refugee–urbanisation nexus.

5. REIMAGINING EUROPE'S APPROACH TO REFUGEE INTEGRATION: TOWARDS A HUMANITARIAN–DEVELOPMENT CITY PARTNERSHIP?

The large number of refugees arriving and settling in urban areas has been acknowledged in the humanitarian sector for more than two decades, as a result of which some institutional structures – for example, in the United Nations High Commissioner for Refugees – were partly adjusted. After a series of consultations and policy discussions, in April 2016 the EU Commission presented its new policy on Forced Displacement and Development – “Lives in Dignity: From Aid-Dependence to Self-Reliance”. The initiative was jointly led by the Directorate-General (DG) for European Civil Protection and Humanitarian Aid Operations, DG for International Cooperation and Development, and DG for Neighbourhood and Enlargement Negotiations, in coordination with the European External Action Service. It recognised that the displacement contexts outlined herein often require a combination of short-term humanitarian as well as longer-term development approaches. In its new policy, the EU Commission therefore set out to move towards integrated and development-oriented approaches in the context of displacement, working with local and national authorities to improve integration of refugees and to promote their self-reliance. This also meant politically



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17. See Betts, A. and P. Collier (2017) *Refuge: Transforming a Broken Refugee System*, Penguin; and Kleinschmidt, K. and J. Rücker (2018) A new approach in migration management “special development zones” support host communities and migrants alike, May, <http://www.joachim-ruecker.de/images/PDF/SDZ%20Article%20short%20version%2021052018.pdf>

18. Barbelet, V., J. Hagen-Zanker and D. Mansour-Ille (2018), *The Jordan Compact: lessons learnt and implications for future refugee compacts*, ODI Policy Briefing, February: <https://www.odi.org/sites/odi.org.uk/files/resource-documents/12058.pdf>

supporting beneficial policy environments for refugees, out-of-camp policies and work opportunities for refugees in cities or settlements.

In recent years, the EU and its member states have aimed to operationalise this shift in their responses to displacement in Africa through the EU Emergency Trust Fund for Africa and the Syria crisis through the Madad Fund. A similar narrative is playing out in the Regional Protection and Development Programmes for the Horn of Africa, the Middle East and North Africa, and the EU support to the UN-led Comprehensive Refugee Response Framework.

The private sector can play an important role in structurally strengthening displacement-affected communities' livelihood opportunities and self-reliance (section 4). For this reason, the EU's investment facilities – such as the EU External Investment Plan and its European Fund for Sustainable Development, or the Economic Resilience Initiative of the European Investment Bank – increasingly aim to focus on stimulating investment and private sector activities in contexts of displacement. This aim to bridge the humanitarian and development responses in the context of fragility, crises and displacement is not entirely new, yet the so-called EU migration crisis has provided an impetus for practically realising integrated approaches in external responses to displacement situations.

But for the EU, this paradigm shift is not motivated only by recognition of the displacement contexts and the simultaneous needs of host communities and refugees in cities and settlements: it also coincides with European self-interests. On the one hand, EU member states have realised the costly nature of funding humanitarian responses to displacement over decades and, on the other hand, are concerned with cost-effective national protection solutions. Moreover, enhanced local opportunities for both refugees and host communities are not only expected to bring better economic opportunities and social cohesion between refugees and hosts but – crucially for the EU – would also lead to fewer onward movements towards Europe.

However, the implementation of long-term solutions for refugees and internally displaced persons is still hampered by several factors:



The divide between humanitarian refugee response and longer-term development planning is mirrored at government level – and changing these systems takes time.



- Host countries are sometimes reluctant to cooperate on measures intended to facilitate a longer-term integration of displaced third country nationals on their territory – as it is the case also in many EU member states. The integration of refugees often does not represent a political priority for hosting states, and governments have found it difficult to move away from encampment policies.¹⁹
- The change in approach also means that implementing agencies, the UN and donors, such as the EU, now need to interact and coordinate with 'non-traditional' partners. These range from local authorities, line ministries (beyond the designated parts of governments responsible for refugee responses), urban civil societies and the private sector. Often, the approach includes efforts to strengthen capacities and enhance coordination structures when responding to displacement and development concerns. Yet, this essentially also means dealing with the politics within government, facing institutional resistance when encouraging coordination across thematic areas or encountering a block of national plans through local politics. There may be contradictions between national sovereignty and dynamics of international donor action or contradictions within governments and the humanitarian and development community themselves. In many cases, the divide between humanitarian refugee response and longer-term development planning is mirrored at government level – and changing these systems takes time.

19. United Nations (2016) "In safety and dignity: addressing large movements of refugees and migrants". Report of the Secretary-General (A/70/59).

- Large numbers of displaced people arriving in an urban area often puts additional stresses on already strained resources, infrastructure and markets. This causes tension between host communities and displaced populations. From the perspective of local authorities, the integration of large flows of refugee and internally displaced people is complex.
- The humanitarian sector follows a certain path dependency: humanitarian models were originally designed for camps; designing responses to reach urban refugees spread out throughout cities has proved a challenge.
- Emergency in humanitarian operations, and a focus on temporary forced displacement, has traditionally been a higher priority, with insufficient efforts to combine it with longer-term development perspectives from the initial response phase, based on the sustainable integration of refugees and displaced people in local communities.

6. SHIFTING REFUGEE NARRATIVE TOWARDS COMPREHENSIVE RESPONSES

Reflecting on these elements, the ETTG and IFC convened an expert and policy-maker workshop to identify possible ways forward – notably for international development actors such as the EU. Key points that emerged from the event include:

- Refugee camps are the wrong response to the migration phenomenon.* Camps, originally conceived as temporary places, have tended to become a permanent fixture around the world. Instead, the way to integrate refugees and internally displaced people is to provide opportunities to engage in sustainable economic activities, and to improve their well-being and development prospects, as well as those of the host communities. This requires coherently integrated spatial, economic and social responses.
- Migration and integration challenges have clear urban dimensions.* The vast majority of refugees live in urban areas and refugee camps are assuming urban features. Achieving an inclusive and integrated approach tackling urgent, medium and long-term challenges requires multi-level governance. To go beyond humanitarian objectives, the development community needs to deploy new skills ranging from urban planning, to environmental management.



The development community should better incorporate cities, local populations and migrants, private sector and development finance institutions into the testing and development of new integrated approaches.



- Long-term thinking should be initiated at the beginning.* While emergency often drives initial humanitarian responses, this should not only focus on immediate remedies. Instead, long-term perspectives along the displacement–urbanisation/spatial-development–private-sector-engagement nexus should be integrated from the start. This implies a shift of approaches, adapting policies and tools, and enhanced coordination, within development institutions as well as with host authorities, towards multi-stakeholder engagement.
 - It is time for more development cooperation actors to innovate.* The development community should better incorporate cities, local populations and migrants, private sector and development finance institutions into the testing and development of new integrated approaches.
 - Common data is key for evidence based strategy and action.* Data on demographic trends and displaced people's needs and skills need to be collected and made available for local authorities, businesses and international institutions to complement existing humanitarian data and support longer-term planning and approaches.
- In addition to these points, discussions during the workshop also identified one additional and specific suggestion with regards the EU's strategic approach to forced displacement:
- It is time to put good intentions into practice.* The 2016 EU Communication, "Lives in Dignity: From Aid-Dependence to Self-Reliance", provides the right framework to pursue a more comprehensive approach on forced

displacement and development. The modernisation of the next EU budget for 2021–2027 offers an opportunity to follow-up to the 2016 Communication and overcome institutional and thematic silos. The EU regulations and tools should also allow for more synergies among policy

instruments, including the direct engagement and partnership with private sector, and blended finance to leverage private investment for humanitarian and long-term development purposes, with specific attention to gender. ■



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