CHAPTER FIVE
No Refugees and Migrants Left Behind

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Three and a half out of every thousand people in the world today is a refugee—an individual who has fled their country of origin due to conflict or persecution.¹ The United Nations High Commissioner for Refugees (UNHCR) estimates that 25.4 million people were in refugee and refugee-like situations in 2018, the highest number seen since World War II (figure 5-1).

Enshrined in the 1951 United Nations Refugee Convention and 1967 Refugee Protocol (henceforth collectively referred to as the 1951 Convention), a global governance system exists to provide protections to refugees, who by nature of fleeing are no longer entitled to the rights and protections provided by their home countries. However, these international standards are not always enforced or implemented, which often leaves refugees in vulnerable situations. While the 1951 Convention highlights a series of steps states should take to promote refugee integration, it does not require any action beyond non-refoulement: forcibly sending refugees back to their countries of origin.² Without any enforcement mechanism, states have come up with creative ways to avoid obligations that come with refugee status, such as, for example, Turkey’s move to classify asylum seekers as “temporary guests” instead of refugees.³

Even once they reach—and even settle in—a country of asylum, many refugees remain vulnerable, as domestic policies toward refugees vary widely. While some countries grant refugees full rights to healthcare and education services,

1. UNHCR (2018a).
others restrict access, leaving the bulk of care provision to nongovernmental organizations (NGOs). Sometimes these restrictions are a matter of public sector capacity: while Jordan initially gave Syrian refugees free access to primary care facilities, the healthcare system quickly became overwhelmed, and in 2014 they began requiring refugees to pay at non-insured Jordanian rates. However, other times there may be outright discrimination. For example, Bangladesh does not allow Rohingya refugees to enroll in public schools, and has recently cracked down on illegal enrollment in the Cox’s Bazar region. In addition to explicit barriers, two-thirds of refugees live in countries where the official language is different from their mother tongue, which limits their ability to utilize health and education services. These barriers result in real losses in human capital; refugee children are five times as likely to be out of school, with only 50 percent enrolled in primary school and less than 25 percent enrolled in secondary. These access

8. UNHCR (2016).
barriers may be particularly detrimental for women and girls, who face a higher risk of sexual and gender-based violence (SGBV) during displacement and are more likely to be pulled out of school in response to financial hardship. Refugee populations may also face difficulties integrating into the labor market in host countries, which limits their ability to become self-sufficient. While the 1951 Convention pushes for unfettered access to wage and self-employment, many countries deny refugees formal labor market access. Even where participation is allowed, permit fees, mobility restrictions, and discrimination may limit employment options. Thus, many refugees, especially women, remain relegated to the informal sector, lacking protections and formal redress mechanisms for exploitation and harassment.

On top of this, a lack of documentation can exacerbate the above vulnerabilities. While many asylum seekers enter the country and register with the national authorities and UNHCR to receive official refugee status, some remain undocumented. In fact, many refugees flee without formal identification such as birth certificates, marriage licenses, and passports. Without proper documentation, access to humanitarian aid, education, health, and social services may be limited. In order to register a birth in Jordan, for instance, parents must provide proof of marriage, which means many refugee children remain unregistered and unable to attend school. Women are particularly affected, as undocumented women face an increased risk of SGBV, workplace exploitation, and forced marriage. Without documentation, refugees live in limbo—unable to return home due to safety concerns, yet vulnerable to harassment and deportation in their new countries.

With a lack of coordinated global response to the current refugee crises, refugees and asylum seekers are critically in danger of being “left behind”—or, more aptly, “left out” of the 2030 development agenda.

**Refugees, Migrants, and the 2030 Agenda**

The current debate around refugees has largely taken place in developed countries. Yet it is important to remember that low- and middle-income countries host 85 percent of the world’s refugees; indeed, sub-Saharan Africa alone hosts

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12. IHRD and NRC (2016).
13. Ibid.
Developing nations are thus trying to balance their own development priorities with acute humanitarian needs. Indeed, the poor in these countries are often hardly better off than the refugee populations themselves, which can exacerbate feelings of resentment. An inclusive “no one left behind” agenda requires that refugees and vulnerable host community members alike receive adequate support to access social services and integrate into the community.

While refugees are uniquely vulnerable, the larger global migrant population also faces many of the same hardships and uncertainty. As of 2018, the World Bank Global Knowledge Partnership on Migration and Development estimates that there were 266 million people living in a country other than where they were born. In fact, migration itself is a very old phenomenon, much older than international trade or capital flows. Scientists believe that the first massive migration of modern humans happened between 60,000 and 80,000 years ago. In spite of this long tradition of human mobility, accepting migrants and refugees has always been controversial, and countries have never fully opened their borders to people in the same way they have opened them to goods and capital flows. In recent decades, during the peak of globalization, other global flows have grown at a much faster pace than migration. Export flows, for example, have grown considerably over the past 25 years, accounting for less than 20 percent of global GDP in 1990 to over 30 percent in 2015. During the same period, however, the global population share of migrants has stagnated at around 3.3 percent (see figure 5-2).

While global conversations around refugees and migrants remain distinct, the lines between migrant, asylum seeker, and refugee are increasingly blurred. The 1951 Convention spells out a rather narrow definition for refugee—one who fears persecution due to their race, religion, nationality, social group, or political affiliation. This limited definition leaves many out, including those fleeing widespread unrest, famine, economic collapse, and natural disaster (including outcomes from climate change). Many who fall into this wider migrant category are also vulnerable and face difficulties integrating into their new countries, despite the fact that they migrated “willingly.” Thus, a discussion about potential policies to ensure that refugees are not left behind remains incomplete without framing the issue within the larger migration debate. Migration was notably included in the Sustainable Development Goals (SDGs). SDG 8—inclusive growth and employment—calls for expanded labor protections to cover vulnerable migrant

15. UNHCR (2018a); UNHCR (2019b).
workers, especially women (target 8.8). SDG 10—reduced inequalities—highlights the need for orderly, safe, and regularized migration policies, measured by the share of recruitment costs borne by employees (target 10.7). It also calls for the reduction of remittance fees to less than 3 percent by 2030 (target 10.C). SDG 17—partnerships for the goals—includes remittance flows as a critical element of future development financing (target 17.3).

The inclusion of migration in the SDGs is an acknowledgment that migration is a fact of life; despite increasingly isolationist rhetoric from the West, it is unlikely to stop any time soon. While the SDGs were an important starting point for the global conversation around migration, there is much room for improvement. The targets primarily relate to remittance and recruitment costs, and make no mention of undocumented migrants, asylum seekers, and refugees. Yet progress on a number of goals for the population as a whole depends upon the inclusion of migrants and refugees. For instance, in order to end global poverty (SDG 1), vulnerable refugees and migrants, who often come to their host countries with few assets and social networks, should have access to social safety nets until they become self-sufficient. Similarly, in order to achieve quality health outcomes (SDG 3) and education for all (SDG 4), refugees and migrants should be given access to public health and education systems. Formal labor market access

18. IAEG-SDG (2016), Annex IV.
and worker protections must extend to migrants and refugees in order to achieve full, productive employment (SDG 8). True gender equality (SDG 5) means that refugee women—who face overlapping vulnerabilities due to their gender, nationality, and socioeconomic status—have access to the inputs, knowledge, and assets they need to reach their full potential. Alongside efforts to combat the root causes of climate change (SDG 13), the international community should also invest in mitigation and resiliency strategies to address the growing threat of human displacement due to increasing natural disasters.

But beyond the fact that the SDGs should be more inclusive of migrants and refugees who are in danger of being left behind, there is another important, perhaps larger, aspect to consider when thinking about migrants and the 2030 development agenda. Refugees and migrants, we claim, are perhaps the missing piece that could help sending and receiving countries alike achieve lasting sustainable growth, enabling progress on a whole range of development goals. As poverty becomes increasingly concentrated in fragile and conflict-affected regions, finding ways to encourage resiliency and recovery efforts will be a core component of a global poverty agenda that seeks to “leave no one behind.” Refugees represent an underutilized resource in this effort, a key conduit between more fragile countries of origin and host countries. Integrating and creating opportunities for migrants and refugees to succeed in their new countries is not only the right thing to do but is smart policy—what we call a “win-win-win” formula for sustainable growth.19 First, such policies are a win for migrants and refugees, for it allows them to begin to rebuild their lives, earn better wages, and invest in their own human capital. Second, it is a win for receiving communities, which gain productive workers who contribute to the tax base, start businesses, and foster connections with diverse markets. Third, greater integration also creates wins for sending countries due to remittance flows, diaspora business connections, and knowledge diffusion. Eventually, some migrants and refugees may return to their countries of origin, bringing with them the skills and assets gained in their host countries during displacement. There is a core role for public policy in helping to bring about these ends.

**Potential Gains from International Refugee and Migration Flows**

The rhetoric surrounding international refugee and migration policies has become increasingly polarized over the last decade, especially in developed nations. The global recession exacerbated feelings of economic and social dislocation for the working and middle class in many countries, caused by globalization, the changing nature of work, shifting demographics, and increased strain on post–World

War II era social welfare systems.20 Tapping into these real and perceived feelings of loss, politicians on the far right have increasingly combined populist economic policies with nativist worldviews, using immigrants and refugees as scapegoats for changing economic realities.21 Refugees—and migrants, more broadly—are painted as a drain on national resources; they place increased pressure on public services, are dependent on welfare programs, and compete for increasingly scarce jobs.22

While it is important to acknowledge the political realities that shape the debates around refugees and migrants, it is also important to put these debates in context. Only 1 percent of all refugees are resettled in a third country like the United States or Germany; most remain in their initial country of asylum, typically a neighboring country in the region.23 Nationalist rhetoric has largely focused on these highly visible 1 percent, ignoring the fact that the bulk of the hosting responsibility, and hence integration challenges, rests on developing countries. Furthermore, the global discourse has belabored the costs of integration, but rarely discussed the potential gains. Taking a nuanced view—holding the real and perceived political costs of integration in tension with the gains—is an important first step in reshaping the global policy debate around refugee and migrant integration.

**Occupational Upgrading**

A growing body of evidence suggests that, on average, an influx of immigrants into the labor market has little to no aggregate effect on natives’ wages and employment.24 The extent to which migrants and refugees affect the wages of natives is a function of whether the foreigners are complements to or substitutes for native workers. If they are substitutes, we would expect to see downward pressure on native wages due to increased competition for a limited supply of jobs (at least until the capital stock is replenished), in line with the basic economic model. If migrants and refugees are complementary to the local labor force, bringing new skills and knowledge, then their presence could result in an increase in natives’ wages. Among economists, there is wide consensus that complementarity of skills is more likely among skilled workers.25 At the same time, there is less of a consensus on the degree of substitution between unskilled

23. UNHCR (2019a).
25. See Docquier and Rapoport (2007) for a review of this literature.
migrants and natives. While there is no definitive answer to this question, most of the evidence suggests that low-skilled immigration does have, at most, a very small, temporary negative effect on the wages and employment of unskilled native workers and previous waves of immigrants.

But recent evidence suggests that inflows of unskilled migrants into an economy could benefit unskilled native workers in the medium-to-long run. In particular, evidence suggests that natives often respond to an influx of unskilled migrants and refugees into the labor market by upgrading their skills and moving up the occupational ladder. A study of the sudden inflow of refugees, 40 percent of whom did not have high school degrees, to Denmark from 1991 to 2008 found that the entry of unskilled workers into the labor force resulted in upward occupational mobility for natives, away from manually intensive tasks toward more complex jobs. As a result, salaries increased without evidence of worker displacement. Low-skilled immigrants and refugees often fill labor shortages or jobs that natives are less likely to perform, such as manual labor-intensive occupations. This allows for greater task specialization, encouraging natives to shift to more skill-intensive occupations with higher pay. By filling labor shortages, migrants can make both individuals and businesses more productive, stimulating economic and job growth. Migrants make up an important part of the workforce in many fundamental occupations that support high-skilled workers— such as home health aides, construction workers, cooks, and truck drivers—which are among the fastest-growing occupations in the United States in the next decade. Increased migrant and refugee participation in reproductive labor occupations, such as caregiving and domestic work, lowers the cost of these services, which has allowed more high-skilled native women to join the labor force.

**Entrepreneurship and Job Creation**

Migrants contribute to the local economy not only as laborers, but as business owners and entrepreneurs. Migrants engage in entrepreneurship at much higher rates than natives; in the United States, for example, migrants make up 15 percent of the population yet represent 25 percent of entrepreneurs. This is not all

26. See Clemens and Hunt (2019) for a review of this literature.
29. Clemens and others (2018); Clemens (2013).
32. Peri (2013); Furtado and Hock (2010).
that surprising, as migration may preselect individuals with more entrepreneurial tendencies. The act of moving to a new country, even when relocation is forced, as in the case of refugees, involves great risk. Migrants and refugees may be able to parlay this risk-taking behavior into the business sphere by starting new ventures, an inherently risky undertaking. In Turkey, for example, Syrian refugees started 6,033 formal companies between 2011 and 2017, accounting for 39 percent of new foreign-owned firms in the country in 2016. When migrants create new businesses, they also create jobs, becoming employers in their communities. Remember that it is small firms that are the engines of job growth (in the United States, for example, small firms account for two-thirds of new job creation each year). Migrants and refugees may also expand consumer demand for certain goods and services, which could lead to increased demand for labor, and hence job creation, in these sectors.

**Trade, Investment, and Remittance Flows**

Migrants and refugees can also play a fundamental role in fostering international trade and investment. Since migrants and refugees have knowledge of the business environment in both sending and receiving countries, they can act as mediators between businesspeople in both places, lowering transaction costs. This fact is exemplified by the crucial role that Vietnamese refugees played in establishing trade and investment networks between the United States and Vietnam. U.S. states that randomly received more Vietnamese refugees in the 1970s are larger exporters of goods and services to Vietnam today than states who received fewer refugees. These diaspora connections can greatly benefit countries of origin as well. For example, Taiwanese immigrants working in the U.S. tech sector were able to partner with venture capital firms to spur entrepreneurial development in their home country. Due to their knowledge of the Taiwanese economy, firm history, and government regulations, these high-skilled immigrants helped venture capitalists invest in local firms with the most promise. For developing countries overcoming conflict, in particular, this flow of investment could be a key enabler of economic recovery.

Perhaps the most important way sending countries benefit from out-migration

34. Borjas (1987); Zucker and Darby (2007); Honig and others (2010).
35. Ucak and others (2017).
40. Saxenian and Sabel (2009).
is through remittance flows. Remittances—money that migrants send back home to friends and family—can act as a powerful poverty-reduction device, allowing those left behind to share in the economic benefits of increased labor productivity and significantly increase their consumption. Remittances are no longer a trivial part of global financing flows; remittances to low- and middle-income countries reached US$529 billion in 2018, and are projected to surpass foreign direct investment in 2019. This will likely be an increasingly powerful force for growth in the future.

Knowledge Diffusion

In addition to financial flows, migrants and refugees can play a significant role in transferring technologies and knowledge across borders. This knowledge diffusion works both ways—migrants and refugees can bring new ideas and products from their countries of origin to their new countries, or they can share new technology and innovation learned abroad with their home countries. This two-way transfer contributes to more competitive and diversified economies in both places. An illustrative example of this phenomenon is Franschoek Valley, South Africa. Today, Franschoek is known for its high-quality wineries, which produce a significant share of all South African wine exports. The town was founded by French Huguenot refugees, who settled there in the seventeenth century after being expelled from France. These refugees brought their knowledge of French winemaking with them, and used it to turn the valley into the first-class wine exporter that it is today, competing in global markets with wineries from all over the world. Consistent with this finding, our ongoing research shows that the nations that emerged from the former Yugoslavia benefited enormously from the knowledge and experiences gained by Bosnian, Croatian, and Serbian refugees who were temporarily resettled in Germany during the 1990s. These countries have experienced high export growth in sectors where more refugees worked during displacement, specifically knowledge-intensive sectors where workers gained analytical and managerial skills. This is consistent with growing evidence about the importance of management in increasing firm-level productivity in developing countries.

41. KNOMAD (2019).
42. Bahar and Rapoport (2018).
44. Bloom and others (2010); Bloom and Reenen (2010); Bender and others (2018).
Maximizing Gains and Mitigating Costs of International Refugee and Migration Flows

While there are real fiscal and political costs associated with greater refugee and migrant integration, there are also enormous gains to be had for sending and receiving countries alike. But failure to integrate—whether due to explicit barriers to health, education, employment, and documentation services, or implicit barriers such as discrimination and xenophobia—limits the realization of these economic gains, and risks leaving refugees and migrants behind. Migration is a fact of life, unlikely to decrease in coming years. It is thus in the interest of the international community to find ways to help refugees and migrants integrate into their local economy and community, in order to take advantage of the economic gains that come with international migration flows and ensure that refugees and migrants have the tools they need to live with agency and dignity.

In order to realize these gains, public policy measures are often required to deal with regulation or market failures that hinder the successful integration of refugee and migrant workers. In the section that follows, we highlight a series of steps host nations can take to maximize the gains and mitigate the costs of international refugee and migration flows.

**Formal Labor Market Access**

First, at the risk of stating the obvious, refugees and migrants must be granted formal rights to stay and access labor market opportunities in their host countries in order to reap the economic gains discussed above. Formal labor market access allows refugees and migrants to be employed, create businesses, and employ other workers, without fear of retribution for working illegally in the informal economy. Formalization also gives refugees and migrants a sense of stability, allowing them to invest in themselves and in their receiving communities. Research shows that the faster refugees are able to integrate into the economy and access labor market opportunities, the more successful they will be in the long run.45

A key first step in this effort is streamlining access and lowering entrance barriers to formal work authorization. Ideally, all refugees would be granted formal labor market access without the need for a permit, as permitting systems can deter the most vulnerable—especially those who lack formal documentation—from applying.46 When a permit system is in place, however, work access should

45. Marbach and others (2017); Bakker and others (2014).
46. Clemens and others (2018).
not be tied to a specific employer, which can lead to exploitation.\textsuperscript{47} Additionally, permits should be free, as associated costs are either the responsibility of the employer, which can limit incentives to hire refugees, or borne by the refugees themselves, which can be cost-prohibitive. These issues are important not only for refugees, but for migrants as well. Many low-skilled migrant workers find overseas employment through recruitment firms, which often charge exorbitant rates, paid back by migrants as a share of their yearly income.\textsuperscript{48} In addition, visas may be tied to specific employers, leaving migrants, especially women, at greater risk of exploitation, harassment, and even human trafficking.\textsuperscript{49} Granting migrants and refugees formal labor market access offers them a form of workplace protection, giving them greater bargaining power they can use to advocate for better salaries and working conditions.

However, it is important to note that granting formal labor market access to refugees and migrants may have less of an impact in places with a large informal labor market. Refugees and migrants already have access to these informal employment opportunities, so formal sector access will not lead to wide-scale labor market adjustments.\textsuperscript{50} There is a greater risk of refugee/migrant and native substitutability when workers are concentrated and competing for low-skilled jobs in the informal market. Additionally, a large informal sector limits the impact that formalization would have on the direct expansion of the tax base, as refugee and migrant businesses will likely stay in the informal sector. Despite these caveats, granting formal access can still yield economy-wide benefits. Even if only a few migrants and refugees are able to find formal employment opportunities, formalization can still potentially improve working conditions in the informal sector, since migrants now have the option to seek work elsewhere if abuses occur.\textsuperscript{51}

\textit{Freedom of Movement}

In addition to formal labor market access, successful integration is contingent upon refugees and migrants having the right to freedom of movement. While most refugees live in urban and semi-urban areas among host communities, 35 percent remain in camps, which limits their interactions with the broader economy.\textsuperscript{52} Employment opportunities are scarce in the informal camp economy,

\begin{itemize}
\item 47. Buffoni and others (2017); MMC (2017).
\item 48. KNOMAD (2019).
\item 49. IOM (2013).
\item 50. Clemens and others (2018).
\item 51. Ibid.
\item 52. UNHCR (2018b).
\end{itemize}
which can reduce the incentive to invest in education and skills development.\textsuperscript{53} This limited economic integration hurts not only refugees, but natives as well: as consumers, refugees only buy from refugee-owned camp businesses, and as employers, they only hire refugee workers.\textsuperscript{54} In order to realize the full gains of economic integration, refugees should be allowed to move and work outside of camp boundaries.

Even outside of camp settings, refugee freedom of movement may be limited. Both Turkey and Switzerland implemented internal redistribution schemes in recent years, assigning refugees to a sub-national region to relieve pressure on border areas.\textsuperscript{55} Refugees only have access to public services in their assigned city, and lose access to benefits if they leave without permission. While this has mitigated some of the negative effects of increased public service demand, there are often few employment prospects and a lack of affordable housing in assigned cities. This forces many refugees to choose between moving to a larger city with better work opportunities and losing access to health and education services.\textsuperscript{56} Place-based entitlements disincentivize refugees from responding to regional variation in economic opportunities, which prolongs their dependence on public assistance programs. Giving refugees the right to freedom of movement, and delinking assistance from place of residence, increases the likelihood of integration into the formal economy, which could expand opportunities for refugees and natives alike.

\textit{Active Labor Market Programs to Improve Matching}

In order to facilitate economic integration and employment, many development actors have invested in livelihood and job training programs for refugees. However, a review of existing program evaluations suggests that refugee livelihood initiatives have largely failed.\textsuperscript{57} Most programs have focused on supply-side interventions, without paying much attention to market demand. For example, female refugees in Uganda received NGO support to start handicraft enterprises, but most had a difficult time sustaining the business, due to limited demand for nonessential goods.\textsuperscript{58} Demand-side programming has been dominated by cash-for-work programs, largely criticized for disrupting local labor markets. In acknowledgment of this failure, both the multilateral and NGO community

\textsuperscript{53} Clemens and others (2018); Alix-Garcia and others (2017).
\textsuperscript{54} Betts and others (2018); Clemens and others (2018).
\textsuperscript{55} UNHCR (n.d.); Gesley (2016).
\textsuperscript{56} Kirisci (2017); Leghtas and Hollingsworth (2017).
\textsuperscript{57} Jacobsen and Fratzke (2016).
\textsuperscript{58} Easton-Calabria (2016).
have refocused their attention on market systems development, looking at market demand and supply chain networks to see what sectors might be best suited for refugee firm entry. Thus far, these efforts have been fairly small-scale, but represent promising areas for further study and investment.

Additionally, programs that help refugees verify skills, degrees, or certifications earned in their countries of origin can improve labor market integration and matching. A lack of credential recognition may act as a formal or informal barrier to employment. Due to country-specific regulations, a foreign license may not be seen as equivalent to a domestic license. Foreign credentials may also be implicitly viewed as less rigorous due to a lack of information on the part of the employer. In order to address this constraint, most OECD countries have a formal process for foreign skill/degree assessment and recognition for migrants. Immigrants that receive recognition are more likely to be employed in higher-paying jobs, as opposed to menial jobs for which they are overqualified. However, few immigrants take advantage of this service: only 38 percent of migrants with tertiary education applied for degree recognition in 2017. Efforts to streamline bureaucratic hurdles and recognize nonformal and on-the-job learning might enhance service usefulness. Similar recognition systems are being adapted to verify refugee skills and education. World Education Services, for example, piloted a qualification assessment for Syrian refugees in Canada to help reconstruct their academic histories and offer equivalent credentials when documentation was missing. The EU likewise is developing a “qualifications passport” to assess refugee higher education credentials. Both Denmark and Finland have used skills assessments as a means of assigning resettlement locations, placing refugees in cities with business opportunities that match their skill sets. While further study is needed to assess the long-term impact of these interventions and their scalability, verification systems could help refugees and migrants signal their value-add to potential employers or investors, indicating they have the training and experience necessary to succeed.

59. UNHCR and ILO (2018); EMMA (2019).
60. OECD (2017).
61. Ibid.
64. Danish Ministry of Education (2019); Finland Ministry of Employment and the Economy (2015).
Voluntary Relocation to Reduce Pressure on Local Infrastructure

When refugees and migrants enter a new country, they tend to cluster around ports of entry, large cities, and areas with preexisting migrant communities. This concentration can exacerbate the risk of short-term negative labor market outcomes for natives, due to increased competition over scarce jobs and additional, rapid-onset demand for limited public goods such as infrastructure and services. Voluntary relocation could help relieve short-term pressure on local infrastructure caused by sudden refugee and migrant inflows, improving outcomes for newcomers and natives alike.

In fact, a study looking at the effectiveness of integration policies for refugees in Germany following World War II found that low mobility likely hindered refugee labor market success. Thus, increased refugee movement within the country could have improved labor market outcomes. Since migrants and refugees tend to be more mobile due to fewer locational ties than natives, voluntary relocation is a feasible policy solution to alleviate some of the strain on frontline areas. As a result, some scholars have suggested implementing an incentive-based system to promote voluntary internal relocation to places with lower migrant density, where more opportunities could exist.

Many have argued for some form of tradeable cross-country refugee quotas that resemble carbon-taxing schemes, based on ideas grounded in mechanism design theory. Under such a proposal, an international organization such as UNHCR would allocate refugee resettlement quotas by country, based on an agreed-upon set of criteria such as population and market size. Countries would then be allowed to trade quotas on an open marketplace. Such a system could also take refugee and country preferences into account, allowing refugees to rank potential destination locations and countries to prioritize specific refugee demographic profiles (for example, giving preference to women and children).

This scheme could also be adapted to a national level to help disperse newcomers across sub-national boundaries, based on criteria such as employment opportunities, school capacity, and housing affordability. The Immigration Policy Lab out of Stanford University has proposed using an algorithmic matching program as an internal redistribution tool. The program uses historical data on refugee resettlement outcomes and estimates the likelihood that a refugee will find work in a given location based on their demographic profile. It then assigns

65. Falck and others (2012).
67. Jones and Teytelboym (2017); Andersson and others (2018); van Basshuysen (2017).
the refugee to the location where they have the best chance of finding employment. This fall, Switzerland began piloting algorithmic matching to assign asylum seekers to cantons, replacing their previous random assignment scheme.\(^69\) A similar machine-learning placement program, Annie, is currently being piloted by the Hebrew Immigrant Aid Society (HIAS) in the United States.\(^70\)

Given that refugees were forcibly displaced from their home countries, any such relocation scheme must be voluntary in nature, but could include some form of incentive payment to encourage and subsidize relocation. Since many refugees have often lost most of their assets and savings during displacement, even a modest payment could make a large difference in an individual or family’s decision to move. Evidence on how to properly design such incentives, though, is still thin. In Bangladesh, Innovations for Poverty Action achieved some initial success providing a monetary incentive to families to help lower the cost of migratory travel, though the program did not see similar gains at scale.\(^71\)

**Investing in Host Communities**

Relocation aside, additional public investment in infrastructure and public services can help mitigate the costs associated with rapid population inflows. International support is critical in this effort, particularly in countries with limited fiscal capacity. These investments would benefit both refugees/migrants and natives in the long run. Yet there is a major gap in the development financing architecture to respond to these needs.\(^72\) The World Bank established a US$2 billion lending fund in 2017 to help low-income refugee-hosting countries invest in projects that support both host communities and refugees, such as basic services, infrastructure, and livelihoods initiatives.\(^73\) But this fund is likely inadequate for the scale of financing needed to respond to long-term, structural changes in host communities. In response, host nations have taken matters into their own hands. The Jordanian government requires that 30 percent of all donor funds go toward projects that benefit vulnerable Jordanian populations.\(^74\) The Colombian government recently announced US$229 million in credit lines for infrastructure, public service, and capital investments in highly affected refugee-hosting regions.\(^75\) Failing to invest in host nations is shortsighted, for without support, the very

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\(^69\) Stanford University (2018).
\(^70\) Calamur (2019).
\(^71\) Levy and Sri Raman (2018).
\(^72\) Charles and others (2018).
\(^73\) World Bank (2018).
\(^74\) 3RP (2019).
\(^75\) Agencia EFE (2019).
conflicts they are sheltering refugees from may spill over into their own borders. Furthermore, without investing in the native population alongside the refugee community, social tensions between natives and refugees may spark domestic unrest, instability, and potential violence.

It is important to note that official development assistance is not the only means of mobilizing additional financing for hosting regions. Interesting new work around diaspora bonds suggests that there may be innovative ways to harness diaspora networks and existing remittance flows to fund future entrepreneurship and development opportunities. Reducing remittance fees is a key piece of this puzzle. If remittance fees, the cost of sending money home, measured as a percent of the amount transmitted, fell from their current level of 7 percent to the SDG target of 3 percent, an additional US$23 billion would have reached low- and middle-income countries in 2018. This is a core policy area for the international community to address.

**Access to Credit to Foster Small Business Creation**

Besides investment in infrastructure and public goods, there is a key role for private capital to help jump-start resiliency and recovery efforts in refugee-hosting communities. In order to experience some of the larger gains of refugee and migrant integration, such as firm development and job creation, entrepreneurs must have access to capital. Yet access to capital is often constrained in many host countries. Refugees and migrants may be restricted from opening a bank account or applying for a loan, due to outright legal discrimination or lack of documentation. Where permissions do exist, they still may lack access to adequate financing because they appear to be a riskier investment, or they lack the necessary collateral or credit history to obtain a loan. Indeed, refugee business owners in Turkey and South Africa reported that limited access to start-up capital was a major impediment to firm growth. There is a clear role for public-private partnerships here. Funds, originating either from foreign aid or private sources, can be delivered through formal financial entities to expand financial inclusion and encourage service usage. Local governments and development actors can provide risk guarantees to national banks that give loans to

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77. KNOMAD (2019).
79. OECD (2011); Blanchflower (2009); Albareto and Mistrulli (2011).
80. Ucak and others (2017); Crush and others (2017).
refugee and migrant entrepreneurs. Over a hundred countries have some form of partial credit guarantees for small and medium-size enterprises, which could be expanded to include refugee entrepreneurs. UNHCR and the Swedish government are currently working to establish a risk guarantee facility for financial service providers who grant loans to refugees and vulnerable host populations. Initial four-year pilots in Jordan and Uganda are currently underway, implemented by the Grameen Foundation.

Forming Skills Before Migration Occurs

Such public-private partnerships can extend beyond financing to employment. While skilled migration raises the risk of a “brain drain” in developing countries, public-private partnerships can help link skill formation and skilled migration in a way that is mutually beneficial for both sending and receiving countries. Under a bilateral Global Skill Partnership (coined by Clemens 2015), workers in a skilled profession such as nursing would be trained in their country of origin, where the cost of training is much lower. A private employer in a destination country would pay for training for migrants, and subsidize the cost for non-migrants. Some of the trainees would then immigrate to the destination country and work for the employer, paying off the cost of the training for themselves and their host country counterparts with a portion of their wages. The destination country gains the skilled workers they need at a fraction of the cost. The migrant makes much higher wages then they would have at home, well offsetting the cost of the training. The origin country gains skilled, qualified nurses at little cost, who help strengthen the national healthcare system, creating spillover benefits for the whole population. Such programs also create incentives for human capital accumulation in the sending country, offering the potential for future migration and higher wages to those who accumulate the necessary skills.

Similar bilateral agreements have been tried in the past with mixed results. However, this past record highlights key design features that are critical for success. Employers need to be involved in program design to ensure training matches the skills needed for on-the-job success. Programs should recognize migrants’ past training and employment experiences. In a partnership between Finland and the Philippines, for example, applicants with a nursing degree from a Filipino university only need to complete one additional year of training in Finland.

82. Chehade and others (2017).
83. Douette and others (2012).
85. See Clemens (2015) for a thorough review.
rather than two. Though a variety of funding arrangements exist, none should place an undue burden on the migrants themselves. A German-Tunisian program, for example, failed because while the employers covered the costs of the training, students had to take out loans to cover room and board once they reached Germany. Finally, such arrangements only work if they expand the supply of skilled workers in sending countries. In some small island countries, skills partnerships could create labor shortages at home if the majority of skilled workers chose to migrate. Thus, such partnerships should be context-specific, designed with input from sending and receiving countries.

Such innovative policies do require initial cooperation and investment, but can quickly become profitable and self-sustaining, helping both sending and receiving countries experience the gains (and mitigate the risks) of international migration. While such partnerships are a more natural fit for regularized migration flows between a stable developing and developed country, there might be ways to expand these arrangements to include asylum-seekers and refugees. Perhaps as a component of a larger cross-country refugee relocation scheme, private sector partners who are interested in hiring refugees could fund training programs in borderline hosting countries for refugees and natives, with an agreement to sponsor relocation and employment for a set number of refugees in a third country. Such a partnership would reward borderline countries for hosting refugees by subsidizing training for natives, while also relieving some of the long-run integration challenges through resettlement sponsorship.

Shared Global Agenda

Encouragingly, the international community has achieved some progress in pushing for a new global agenda around refugees and migrants. The Global Compacts on Migration (GCM) and Refugees (GCR) are an attempt by UN member states to present a coordinated response to the current migratory crises, balancing the need for a safe and regularized process for migrants and refugees while also upholding state sovereignty. The GCR acknowledges that developing nations have borne the brunt of the refugee crisis, and so, developed nations must share in the financial burden to alleviate pressure. Additionally, the GCM affirms that as a core component of any immigration reform effort, the international community must help developing countries address the conditions that

88. UN (2018a).
cause migrants to emigrate in the first place.\textsuperscript{89} The compacts create a structure for information sharing between host nations and migrants/refugees, establishing a more transparent system where people are able to make informed choices about movement ex ante.\textsuperscript{90} Building on the international consensus that came out of the SDGs, the GCM and GCR represent a key step forward in reframing the global narrative around forced and voluntary migration.

**Conclusion**

In an increasingly interconnected world, greater human mobility should be viewed as an opportunity rather than a risk, a vehicle for expanding growth, trade, and human capital accumulation. Migrants and refugees bring skills, knowledge, innovation, and networks to their host nations, a core engine for economic growth. Yet to date, they represent a largely underutilized resource. In fact, refugees and migrants risk being left behind, as they are neither protected by the laws of their countries of origin nor entitled to rights in their new countries. In order to capitalize on the opportunity migrants and refugees present, countries need to create enabling environments that provide stability and predictability, giving newcomers the security to invest in their own human capital, businesses, and communities. States should grant migrants and refugees the right to work, freedom of movement, and protections under the law. In addition, the international community should help host nations invest in public services and infrastructure in highly affected regions, and help expand refugee access to financial services. Public-private partnerships can help facilitate skills training and employment in ways that benefit both sending and receiving countries, migrants and non-migrants alike. A common international framework, such as that spelled out under the GCR and the GCM, can help to ensure that migrant and refugee rights and protections are not location-dependent, but informed by a larger consensus about the rights of forced and voluntary migrants. This suite of enabling policies represents a win-win-win formula, creating opportunities for migrants/refugees, host nations, and countries of origin to reap the gains from international migration flows.

Naturally, as with any other change that affects the economy, integrating refugees and migrants into the labor force might result in some people being worse off in the short term, even when the aggregate gains are positive. But that speaks to the need for investment in social safety nets and robust retaining programs to protect workers who might be substitutes for migrants, as opposed to rejecting

\textsuperscript{89} UN (2018b).
\textsuperscript{90} Bahar (2019).
refugees and migrants outright. The global dialogue around migrants and refugees has become clouded in recent years, but it is important to remember that global migration is not a new phenomenon. Though there are some short-term risks, overall refugees and migrants represent untapped potential: if properly integrated into their local community and the global economy and given the right protections and support, refugees can be an asset—not a burden—for all countries involved. Therefore, integrating and protecting refugees is not only morally right, but also the smart thing to do to ensure that no one is left behind.

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