

DISPLACEMENT AND THE FUTURE OF DEVELOPMENT FINANCE

Reflections from the 2026 World Bank–IMF Annual Meetings

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The 2026 World Bank–IMF Annual Meetings in Bangkok brought together governments, development institutions, the private sector and civil society around a demanding agenda: jobs and economic growth, debt sustainability, climate resilience and the mobilization of private capital. These discussions reflect important shifts in how development priorities are being financed, how risks are assessed and how governments and international financial institutions are responding to growing fiscal pressures.

For those working on refugees, internal displacement and disaster displacement, these developments have direct implications. Debt constraints shape the resources available for public services; climate adaptation and disaster-risk financing influence how countries prepare for and respond to population movements; and sovereign financing decisions determine how displacement-related responsibilities are incorporated into national programs and budgets. Drawing on discussions during the Meetings and wider exchanges on development finance, eight reflections explore what these developments mean for displacement policy and practice.

1. Humanitarian need does not automatically create sovereign demand

Development finance is organized around government priorities: jobs, growth, investment, macroeconomic stability and public services. Governments borrow, undertake reforms or commit recurrent expenditure when they see sufficient public benefit. Humanitarian need alone does not constitute a sovereign financing proposition—even when favorable lending terms are offered. Rights and protection remain fundamental obligations, while sovereign incentives and fiscal constraints shape how governments finance and deliver them. It means understanding the incentives and fiscal constraints that determine whether public institutions can deliver. Inclusion must become part of a development proposition a government can own and sustain, not merely an appeal to its goodwill. A jobs-led agenda will not include displaced people without attention to work rights, documentation and effective access to jobs and services. The growth agenda can also create displacement: infrastructure and economic corridors should account for their social and fiscal consequences from project design onward.

2. A financing window can open the door. What keeps it open?

Dedicated concessional finance for refugee-hosting countries, including the Window for Host Communities and Refugees, has helped create incentives for inclusion and policy change. This is important progress, but exceptional windows cannot be the whole financing model. What happens to teachers, clinics, documentation systems and receiving municipalities when exceptional financing ends or is reprogrammed? Do obligations enter ordinary mandates and budgets, or wait for another special allocation? A useful measure of success is the capacity that survives beyond a project. In severely constrained countries, that may still require long-term grants or concessional support; sustainable inclusion must not become a transfer of unfunded liabilities to host governments. Delivery through national institutions need not mean that governments ultimately finance every obligation alone.

3. Debt sustainability is also a protection issue

Debt service competes with both preventive investment and the operating costs of public services. Liquidity relief cannot resolve insolvency; social-spending floors do not guarantee functioning schools,

clinics or local services. Climate and disaster risks make these choices more acute. Discussions around the Low-Income Country Debt Sustainability Framework (LIC-DSF) increasingly raise questions about how debt projections should account for the benefits of adaptation investments in reducing future losses and protecting economic output. These returns must be demonstrated, not simply assumed. Displacement introduces costs that conventional macro-fiscal models may miss: relocation, changes in local service demand, loss of revenue and continued responsibilities after a shock. If countries are expected to absorb these obligations, grants, concessional terms and sometimes debt treatment matter as much as the initial commitment.

4. When people move, fiscal responsibility moves too—often without the money

Displacement changes where and when public expenditure is needed. Receiving districts may require more classrooms, health workers, housing, water and sanitation before central transfers or staffing formulas adjust. Areas of origin can lose revenues while retaining costs. The problem is particularly acute for internal displacement, which may not trigger any special financing window. Climate adaptation often exposes the same mismatch: national plans and risk assessments may be sophisticated, while delivery depends on provinces, municipalities and communities with limited fiscal authority. A useful diagnostic therefore follows the responsibility: who provides which service, where, for how long, under what mandate and with what budget? Climate-risk mapping and national expenditure totals are not enough if money and entitlements remain fixed when people move.

5. Adaptation must plan for movement. Insurance can buy time

Climate risk is increasingly entering public investment planning, climate-budget tagging and risk-informed project selection. That is progress, but tracing climate-labelled expenditure is not the same as showing that finance reaches vulnerable people or changes outcomes. Priorities should combine hazard exposure with poverty, social vulnerability and local capacity, and risk assessments need updating as conditions change. Adaptation planning must also anticipate population movement. Early warning, drainage or safer land use can prevent avoidable displacement; in other settings, safe mobility, planned relocation and investment in receiving areas may be the more responsible adaptation. The costs of moving—and of sustaining access to services afterward—belong in the financing plan.

Risk pools, parametric insurance and contingent credit can release funds when defined shocks occur. Yet an insured trigger may not match where people are displaced, and payouts must reach the agencies and communities bearing the costs. Rapid liquidity does not pay for years of housing, education, case management or resilient infrastructure. Risk reduction before a shock, immediate response finance, recovery investment and recurrent public responsibilities are distinct tasks. A sound financing architecture must account for all four—and for the residual losses that cannot be insured or prevented.

6. Making displacement financeable does not require inventing an instrument

The International Capital Market Association (ICMA) Social Bond Principles already recognize migrants and displaced people among potential target populations. Social and sustainability bond frameworks can identify eligible expenditure and expected results; a dedicated displacement label is not a prerequisite for making such investments visible. But a label does not create fiscal space, lower debt automatically or guarantee additional benefits. Grants, concessional lending, guarantees, policy-based financing, insurance, budget transfers and debt transactions solve different problems. Private capital needs a credible payment or revenue model; many essential protection services have neither and should not be forced into one. The task is first to establish the public obligation or investment, its costs and its likely benefits, then select an appropriate financing mix. The same applies to policy reforms: adoption on paper is not necessarily an additional or durable change. A labelled bond is still debt; a financing announcement is not yet an outcome. Expanded private-capital mobilization should not obscure its limitations in low-income and fragile settings, where public and concessional resources remain indispensable to essential services.

7. Rapid social protection is not sustained inclusion

Shock-responsive registries and payment systems can expand assistance rapidly, which is a significant achievement. But displaced households also cross jurisdictions, lose documents, encounter new eligibility rules and require education, health, outreach, referrals and case management long after an initial transfer. The harder issue is whether entitlement, administrative data, staffing and finance follow them. Social protection can also contribute to growth and resilience by preserving household assets, supporting learning and maintaining people's capacity to work. The test is not only how quickly the system pays, but whether it can continue serving people as their situation changes.

8. We need a deal team, not just a coalition of the willing

More partnerships and platforms are not substitutes for the upstream work of preparing a credible financing program. Assessments identify needs; they rarely translate dispersed responsibilities into costed programs with clear budget authority, feasible reforms and investments, implementation capacity and risk allocation. A deal team requires protection and sector expertise alongside public finance, project preparation, legal, procurement and transaction capacity. Some resilience investments can attract private capital; case management, basic education and sustained social assistance generally cannot. In fragile settings, financing must also consider whether public authorities can or will uphold inclusion, and which accountable institutions can deliver in the meantime. The challenge is to align public purpose, political feasibility and instrument design—not to commercialize every need. Country-led investment compacts combining reforms, public and private finance, and executable project pipelines offer an opening only if displacement-related responsibilities enter their design from the start. The upstream gap is not simply fundraising, but translating fiscal and institutional requirements into credible financing programs.

These are independent reflections informed by the 2026 World Bank–IMF Annual Meetings; not an official meeting summary.