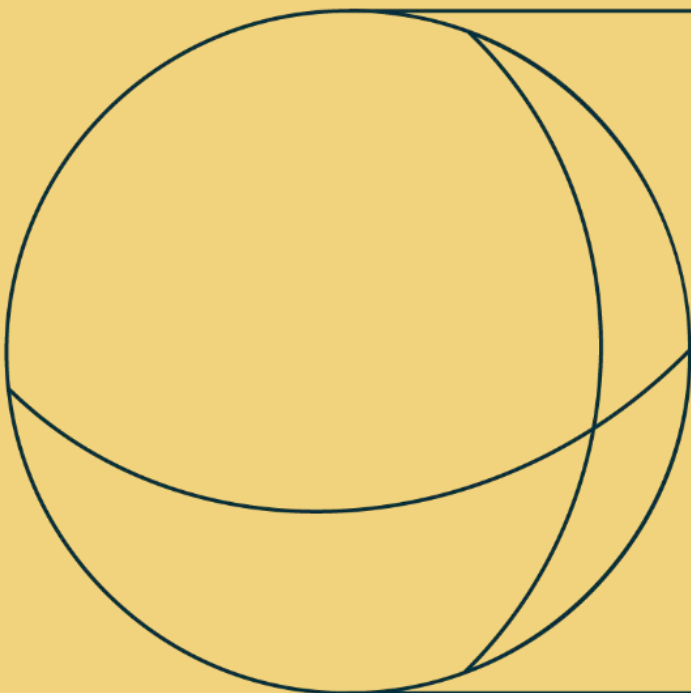


policy brief

A System Under Strain: What Role Should the EU Play in Multilateral Refugee Response?

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Abstract

When it comes to dealing with questions of forced displacement, the European Union (EU) is almost entirely focused on incoming migration. But Brussels has reason to look further outward. Judging by conventional metrics of the Global Compact on Refugees (GCR), the multilateral refugee response system is not in a good shape: responsibility for hosting refugees remains heavily skewed and funding has fallen. What is more, one of the system's most basic promises – namely, that people fleeing serious harm will not be sent back – has been broken at a scale rarely documented. While these metrics are part of the story, additional context helps deepen how we understand the state of the current system. Most of the world's refugees are not primarily sustained by aid. Refugees are getting by via work, credit, barter, and informal community and diaspora support that funding data never captures. This tells us something about what measures could work as humanitarian funding shrinks. The global refugee response should not simply try to preserve the current aid system in yet a smaller version, but instead invest in what lets refugees sustain themselves: documentation, legal work, freedom of movement, and access to markets and capital. The extent to which this will happen depends largely on whether major donors like the EU step in decisively.

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Introduction: The Global Refugee Response System Under Strain

When it comes to dealing with questions of forced displacement, the European Union (EU) is almost entirely focused on incoming migration. Even the “[external dimension](#)” of the EU’s [asylum policy](#) is overwhelmingly about controlling people’s movement rather than by thinking about how best to support refugee host states.¹ This priority is also reflected in [EU foreign aid spending](#). With reform of the Common European Asylum System having absorbed nearly a decade of legislative bandwidth, and Ukraine taking up much of what attention remains, the wider system has fallen well down the list of priorities.

But 10 years after the 2016 watershed [New York Declaration for Refugees and Migrants](#), the EU has reason to look further outward. Based on that Declaration, a wide array of actors – national governments, international organisations, municipal actors, multilateral development banks, and the EU itself – committed to a new ‘compass’ on how to respond to large-scale forced displacement: the [2018 Global Compact on Refugees](#) (GCR).

Yet, judging by the GCR and its established metrics for progress, the multilateral refugee response system is not in good shape. The state of “responsibility-sharing,” the GCR’s primary goal of finding a way to spread the political and financial responsibility of hosting refugees more evenly across states, shows little improvement compared to a decade ago. Despite wealthy outliers like Germany taking a large share of refugees, 68 percent of the world’s refugees and other people in need of international protection [are hosted in low- and middle-income countries](#), with 26 percent taken in by Least Developed Countries (LDCs). Added to this, the numbers of “resettlements” – a mechanism mentioned in the GCR meant to give refugees alternative routes to safety in a third country that is not the country where they originally claimed asylum – [collapsed to roughly 81,800 arrivals in 2025](#).

The multilateral refugee response system is not in good shape.

Relatedly, funding (an aspect of responsibility sharing) has followed a similar trajectory: aid for refugees in low- and middle-income countries [has barely increased, even though global aid budgets have risen sharply](#). More recently, all humanitarian funding has taken a major hit, with steep, [across-the-board cuts to Official Development Assistance \(ODA\)](#). This is further complicated by the fact that the UN High Commissioner for Refugees (UNHCR), the multilateral agency that traditionally has played the most important role in refugee protection, is undergoing major

¹ For example, its newest initiative, the [Pact for the Mediterranean](#) (October 2025), frames its migration strand around a “whole-of-route approach,” border management and “operational partnerships to counter migrant smuggling”. The Commission’s [January 2026 strategy](#) for the next five years also exemplifies the imbalance, with clearly committed funding for returns and reintegration, but not for support to partner countries’ asylum and protection systems.

restructuring in response to the total collapse of funding from the United States (US), which once made up the majority of UNHCR's government revenue.

Beyond the weak progress made on implementing the GCR, there are deep-seated issues of compliance with norms of refugee law. The basic promise of the 1951 Refugee Convention and related international law – namely, that people fleeing serious harm will not be sent back – has been broken at an unprecedented scale. In 2025 alone, Iran and Pakistan expelled more than 2.6 million people to Afghanistan, despite grave risk of rights violations and abuses for women and girls, as well as others at odds with the ruling Taliban. Comparable patterns of forced return continue to affect Rohingya refugees across South and Southeast Asia. Indeed, the level of people forcibly returned is so high that it is among the key reasons why global refugee numbers fell for the first time in over a decade.

Telling the Fuller Story

While more conventional indicators – such as the height of aid or the number of returns – are important, they do not tell the full story. First and foremost, funding data often misses a central part of many refugees' reality. Yes, humanitarian aid is important and it works. But it is not aid that sustains most of the world's refugees. Today, the majority does not live in refugee camps but in cities and towns, often for years at a time. What *actually* sustains most refugees is work (often informal or precarious). Research in low and lower-middle-income countries shows that, in addition to work, refugees get by because of credit, bartering, and informal community support, including help from religious and diaspora networks. These forms of non-institutional support are seldomly tracked or deliberately strengthened.

Second (and related), even where funding did reach refugees, it did not always succeed in building the conditions for inclusion from the outset. Much of the funding ran through UNHCR and its implementing partners. Over the decades, UNHCR at times took on the role of an operational provider of refugee protection (both by virtue of host country policies and because of institutional dynamics of growth), effectively picking up costs that were supposed to be short-term stopgaps but became almost permanent because no one else would fund them. When needs are as high as they are now and funding is down, however, stopgap delivery cannot absorb the funding gap. The multilateral refugee system is hence shifting shape. This is most visible at UNHCR. Funding cuts are pushing the organisation out of operational delivery and moving the agency toward a narrower, more catalytic role, in which other actors, too, are supposed to be shouldering the response.

Refugees themselves have always been, and will remain, the system's principal actors.

Refugees themselves have always been, and will remain, the system's principal actors, even if their perspectives are too often not meaningfully reflected. But the multilateral system will be one with structurally lower funding and a different division of labour – one in which states and

development actors will need to step in, not least to fill the space UNHCR is vacating. The refugee system will settle into a new shape. Whether that shape is sound depends on choices being made now.

Casting the EU's Role in an Emergent System

The multilateral refugee system should be judged on three things: whether it saves lives ("life-saving"), includes refugees in existing national systems like public schools, clinics, and social safety nets ("inclusion"), and expands what refugees can do for themselves.

Evidence on economic inclusion finds that self-reliance depends less on discrete livelihoods projects than on whether refugees can access the systems already available to everyone else in a given context – market systems, financial services, and social protection. Self-reliance therefore also depends on removing the legal barriers, such as restrictions on documentation, the right to work, and freedom of movement, that keep refugees locked out. For example, easing labour market restrictions for refugees has the potential to drastically shrink the need for complementary assistance.

The question is whether the EU is helping design the next version of the global response system around these outcomes it has itself acknowledged. The EU is comparatively well placed to bring about change. EU institutions alone were the second-largest donor to the international refugee response between 2020 and 2023, disbursing \$7.25 billion. If we add the contributions of the EU's largest member-state contributors (Germany, the Netherlands, and Sweden), we get to a combined total of roughly \$15.7 billion. This type of money gives the EU and its member states political weight, as well as a coordinating role few other actors can match.

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However, it is less clear whether the EU is actually using this position of influence. The European Commission's proposal merges neighbourhood, development, humanitarian, and pre-accession funding into a single 200-billion-euro Global Europe instrument whose strategic direction is hard to discern — except for a clear tilt toward migration control. Programming for refugee inclusion may be competing even stronger with other, more high-profile policy areas. In the realm of humanitarian aid, where the EU's weight is the greatest, funding has not shifted towards cash assistance and localisation, despite a decade of stated commitment to both. This lack of change flies in the face of clear evidence that both cash and localisation are more cost-efficient: research shows that cash assistance outperforms in-kind response, and local organisations deliver aid more cheaply than international intermediaries.

What Stepping Up Would Require

The EU's starting principle should be to force clarity: support clear decisions from partners and make clear decisions itself. That means confronting uncomfortable questions, such as where organisations should cut and on what basis, as well as where money is actually spent relative to where it is needed.

On protracted displacement, it means pressing for the conditions that truly enable refugee employment: legal work rights and freedom of movement out of camps and into existing labour markets. It means channelling EU financing through national treasuries and sectoral ministries in ways that let host governments fold refugees into national systems. This is not untested – multilateral mechanisms exist already. Most importantly, the World Bank runs dedicated funding instruments for refugee hosting countries that work this way: the International Development Association's (IDA) Window for Host Communities and Refugees (WHR), funded also by EU member states, and the [Global Concessional Financing Facility \(GCFF\)](#) for middle-income host countries, where the EU is also a member. Just like the [EU's next long-term budget on external action](#), both these funding instruments are at critical moments. The terms of the GCFF are being written, and the US is on its way out of the funding instrument; negotiations of the current replenishment cycle of IDA (IDA22) have opened and can incorporate evidence from past iterations.

Translating all of this into practice will require the EU to act across several areas mentioned in this piece, including “life-saving” and “inclusion.” The recommendations below set out how that could look.

Recommendations:

1

Step up on financing for refugee inclusion in host countries, in particular through existing multilateral instruments.

- In negotiations on the EU's next long-term budget, country and regional indicative programmes and guidelines will decide how funds are spent. These elements are still being drafted. Among others, [UNHCR has recommended displacement priorities be embedded there with clear country-level objectives in major hosting countries](#). Member states should press for those objectives to track work authorisation, documentation, and financial inclusion.
- Country and regional programmes should direct more support to host governments that have already opened their legal frameworks to refugees.
- Back restoring the commitment to support policy reform in countries eligible for the **World Bank's WHR in IDA22**, [as argued by experts with deep knowledge of the window](#). EU member states will be part of the upcoming negotiations.

- Use the seats on the **Global Concessional Financing Facility** to shape inclusion-focused financing. Both the Commission and numerous EU states are decision-making members.

2

Prioritise evidence-based efficient funding for aid, ideally in ways that can also facilitate self-reliance:

- Fund **documentation and identity systems** as a precondition both for protection against refugee expulsion and inclusion.
- Prioritise **cash**: it is an efficient and portable delivery modality that returns more to local economies. Where consumption support is needed before people can pursue work, cash can also serve as the first step towards more durable livelihoods.
- **Make localisation measurable**: Progress on the political commitments to shift funding and decision-making toward national and refugee-led actors is negligible; EU funding conditions should require demonstrable progress, measured against agreed metrics, in particular with regards to refugee-led organisations as a form of community-based mutual aid.
- Expand **pooled, unearmarked, multi-year funding**, allowing agencies to allocate based on greatest need rather than on donor preference, while reducing the transaction costs of fragmented reporting.
- **Support financial inclusion**: Advocacy for refugees' access to bank accounts and funding for credit guarantee facilities can unlock resources well beyond what aid budgets alone provide.

3

Finally, hold the EU accountable to compliance with EU and international refugee law. The EU's own compliance with the 1951 Refugee Convention – including standards of reception, status determination, and inclusion – is not separable from its ability to support host countries elsewhere. Asking host states to expand refugees' legal work rights and documentation while falling short on inclusion within its own jurisdiction weakens the basis for that ask.

Conclusion

Ten years after the New York Declaration, the multilateral refugee response system is reorganising under sustained financial strain. The EU, for its part, is occupied predominantly with refugees in Europe. But the EU has an interest in supporting refugee host countries – and more to work with in that role than it currently draws upon.

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The institutions that make up this system should be judged on three things: whether they meet the needs of the most vulnerable, include refugees in existing systems and expand what refugees can do for themselves. That means funding lifesaving assistance

where needs are greatest and in the forms that reach furthest, supporting refugees' access to services like schools, clinics, and social safety nets rather than parallel structures, and using the positions the EU already holds to press for the legal conditions – documentation, the right to work, freedom of movement – that let refugees sustain themselves.

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In an era marked by global challenges, international cooperation is more essential than ever. Yet multilateral initiatives too often end in gridlock, as dominant states seek to bend the global order to their own interests. Enter ENSURED, a Horizon Europe-funded research consortium studying how the EU and its member states can better defend multilateralism and make global governance more robust, effective, and democratic.

ENSURED focuses on key policy domains that by their very nature pose complex transnational challenges. Our research assesses the state of play in these different areas and investigates the EU's strengths and weaknesses as an actor working to defend and transform multilateralism. Embracing the ethos of multilateral cooperation, the ENSURED consortium comprises universities, think tanks, and civil society groups from across Europe, Brazil, India, South Africa, China, and the United States. We aim to equip policymakers in the EU with evidence-based insights, actionable recommendations, and practical tools to promote better global governance for a world in transition.

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