

## [Event 1 — Proceedings/Takeaways]

*KCP 20+ Event Series:  
Celebrating 20 Years of  
the Knowledge for Change Program*



DEC KNOWLEDGE SEMINAR

# SHOCKS AND GLOBAL IMBALANCES

## Conflicts, Migration and Climate Change

Wednesday, November 2, 2022

- Session I (9:00AM–10:20AM): Conflicts and Migration
- Session II (10:30AM–12:00PM): Environment and Climate

9:00AM–12:00PM EST ↗ World Bank MC2-800/Hybrid

Organized by the Knowledge for Change Program at the Development Economics Vice Presidency of the World Bank

Knowledge for Change 20+

### Introduction to the Event

During times when over [100 million people](#) are forcibly displaced worldwide, it is imperative to explore how we can better design policies that protect vulnerable populations from the negative impacts of shocks. [Shocks and Global Imbalances: Conflict, Migration, and Climate Change](#) explored this theme and others in a two-part hybrid event, first focused on conflict and migration; and then on environment and climate change. The event paired these timely, relevant, and overlapping topic areas with KCP-related research over the past 20 years.

### Part I: Conflict and Migration

WBG Lead Economist in the Development Research Group Çağlar Özden kicked off the first part of the event by discussing the evolution of knowledge around international mobility over the past 20 years – emphasizing that vertical integration is what differentiates KCP-funded research from that undertaken elsewhere. He emphasized that the WBG has a competitive advantage with respect to data collection, and that the datasets are a global public good. KCP has financed research that not only gets published, but is also in demand by and feeds into on-the-ground operations, policy, and practice.

Özden then highlighted the WBG-Organization for Economic Co-operation and Development (OECD) joint global bilateral migration database as one such global public good. Analytical methods were also developed to make estimations where data gaps are present. This data is used to look into topics such as the wage impacts of aging and education on migrants.

“Global migration, at the end of the day, is a global equilibrium effect,” Özden stated, referring to global patterns and issues that are relevant to today. He continued by highlighting that models and data enable the design and development of interventions much more effectively.

WBG Development Research Group Economist Sandra Rozo started her presentation by emphasizing that forced displacement is a significant challenge that continues to grow, year after year. She explains that earlier work on the topic focused on how refugee inflows impact host countries, such as labor markets and firms. Research found that there are winners and losers. For example, firms receive a lot of consumers and a pool of workers to choose from -- a big win.

She is presently working with many researchers around the world on addressing the vacuum of systemic longitudinal data for refugee populations. Research is also building evidence on the effectiveness of humanitarian interventions and hosts. She spotlighted work related to Colombia’s Special Permit of Permanence (PEP) program, which found no impact on hosts (labor markets, local crime, and political behaviors), but dramatic impacts on migrant welfare. For example, two years after the program was enacted, it was observed that migrant consumption per capita was 60% higher and income 30% higher. Additional impacts of this research included approval of a larger amnesty for refugees in Colombia in 2021 and streamlined operational work from the WBG and Inter-American Development Bank (IADB) to support the economic integration of Venezuelan refugees in Latin America. She then talked about improving social cohesion promotion through perspective taking.

Further research, she summarized, may look into how to support migrants’ mental health, create jobs and facilitate integration, and examine the effects of forced migration on children.

Michael Clemens, Director of Migration, Displacement, and Humanitarian Policy at the Center for Global Development, then began the panel discussion. He first emphasized the significant positive impact of WBG research, data, and analytics over time. He indicated that outdated institutions require innovation. Current systems are overall designed for a completely different and demand-driven world, he stated. He cited the example of the Ukrainian migrants moving to the European Union (EU); all are principally regulated with exceptional ad-hoc policy measures that have an uncertain future. He closed his comments by emphasizing that it is critical to better understand the decisions of families in developing countries, and how governments can build institutions for regional migration policy.

Björn Gillsäter, Head of the WBG-United Nations High Commissioner for Refugees (UNHCR) Joint Data Center on Forced Displacement, then spoke about translating knowledge into good policy making and programming. His organization has a very clear mandate to increase the amount, quality, and openness of new and existing data and evidence globally. There has been a recent explosion in research – over the past 18 months, twice as much peer reviewed literature has been produced as in the entire past decade. He stated that a key policy question relates to the level of remuneration for migrants, and clarity around what the money and cash

are being used for. For example, research in Bangladesh found that cash is used to meet existing needs. This finding directly influenced policy, paving the way for a compensation increase. He noted that, in order to influence policy, there is a window of opportunity, and the information/research on hand needs to be customized to the audience.

Semih Tumen, former Deputy Governor and Head of Economic Research at the Central Bank of the Republic of Turkey and Professor of Economics at TED University then spoke about the need to develop stronger and better policies. “The numbers are really scary, especially after recent developments” he said, “you don’t need to be a fortune teller to predict that these [issues] may go on, especially if you look at what is going on in certain regions, such as conflict between countries.” He then indicated that it is important to focus on children, measure language skills, and obtain more direct and objective data.

Event moderator and World Bank Group (WBG) Deputy Chief Economist and Director of Development Policy in the Development Economics Vice Presidency [Aart Kray](#) then posed a question to the panel about the dichotomy between migration and forced displacement. Özden responded to this question by indicating that one of the main themes of the 2022 WBG World Development Report (WDR) is this very dichotomy, and that there are very few economists in the room when migration policies are made. He continued by stating that although migrant return is critical, it is almost always ignored.

The audience then posed questions, such as: What do we know about return migration? How can we maximize the benefit of migration for sending countries? Clemens responded to these questions by stating that one of the best things we can do is to allow skilled migrants to make full use of their skills through skill recognition. He referenced the Global Refugee Work Rights Report, which states that 87% of refugees live in countries where there are de-facto major barriers to recognizing their professional skills and formal education.

## **Part II. Environment and Climate**

Carolyn Fischer, Research Manager of the Sustainability and Infrastructure Team in the Development Research Group of the World Bank Group,, kicked off the second part of the event with a presentation titled *Knowledge for Climate Change*. She began by explaining that research around climate change has significantly evolved over the past few decades and that climate change has grown as a development priority. Her presentation continued, focused on mitigation and low-carbon growth.

In 1982, Economist William Dawbney Nordhaus was the first to approach the issue of climate change as a global public good and a global commons to manage. He went on to develop Integrated Assessment Models (IAMs), for example the Dynamic Integrated Climate-Economy.

IAMs have evolved and improved over time, for example by improving assumptions related to variables such as damage functions and potential tipping points. There has also been growing

criticism of the SCC approach, and pushes for new approaches that better capture uncertainties.

Fischer then provided a general overview of the evolution of climate negotiations and related research over the past 30 years. The major global climate negotiation conferences include the 1992 Rio Earth Summit, the 1997 Kyoto Protocol, the 2009 Copenhagen Accord, and the 2015 Paris Agreement. After Copenhagen, and leading into Paris, there is movement towards unilateral approaches and commitments, leading to research on unilateral climate policies, and trade. At present, there is a lot more nuanced thinking about behavioral barriers and behavioral economics.

Aiden Coville, Manager of Infrastructure and Climate Change with the WBG's Development Impact Evaluation (DIME) group, then began the second half of the presentation, which focused on climate change resilience and adaptation. He presented the Kübler-Ross Change Curve model, explaining that climate-related research began in the denial/disbelief area, and is currently in the experimental area.

He also talked about the exponential growth of research on climate adaptation, leading to advances in data and more effective of adaptation approaches.

Panelist Carolyn Kousky, Associate Vice President for Economics and Policy at the Environmental Defense Fund, then added that disaster and risk reduction approaches can offer a framework for climate change adaptation work. She also talked about a growing body of research that documents the links between poverty and disaster impacts.

Panelist Elizabeth Robinson, Director of the Grantham Research Institute on Climate Change and the Environment at the London School of Economics, highlighted the importance of mapping out climate mitigation and adaptation pathways for low-income countries. She also states that it is difficult to think about adaptation and mitigation separately.

Robinson also suggested that research related to the social cost of capital is not the most interesting topic or question. She continued by stating that we need to focus on taking action, and that economists need to remember that "...getting stuff done is really messy." She also said that "...economics is necessary, but it is hardly sufficient [to address climate change-related challenges]." She then suggested that we need to think about how we change the behavior of governments, companies, and individuals. Additionally, economists must work with social sciences, and capitalize on an abundance of high quality data.

Panelist and Growth Research Team Leader with the Foreign, Commonwealth, and Development Office of the United Kingdom Andy Hinsley next stated that we need to equip low-income countries with the tools and evidence to develop in a low-carbon and resilient way. To grow, low-income countries need to radically increase energy consumption and production, and also increase energy access. He stated that a lot of countries can't use all of their energy generation capacity because of the transmission limitations.

Hinsley continued by saying that urbanization is critical for the growth of cities — and can be very good for building resilience. Climate change impacts are going to be a big driver of urban growth and movement to urban areas. It is important to put plans in place to support migrants when they arrive.

Aiden Coville wrapped up the event by highlighting that the WBG helps to facilitate vertically integrated research, and to answer questions that may not be possible for individual researchers.