iDMC internal displacement monitoring centre

THEMATIC SERIES

The ripple effect: economic impacts of internal displacement

This thematic series focuses on measuring the effects of internal displacement on the economic potential of IDPs, host communities and societies as a whole

Research agenda and call for partners

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"(…) forced displacement of people threaten(s) to reverse much of the development progress made in recent decades."

- Transforming our world: the 2030 Agenda for Sustainable Development, United Nations, 2015

IDMC recorded 18.8 million new displacements associated with disasters and 11.8 associated with conflict and violence in 2017. Nearly 40 million people in more than 50 countries were living in internal displacement because of conflict or violence as of the end of the year.[1] Efforts by governments, the international community and civil society to respond to the needs of internally displaced people (IDPs) have often taken the form of emergency humanitarian assistance. This is indispensable, but it does little to address the causes of displacement and prevent future crises.

Anecdotal evidence has repeatedly highlighted the links between displacement and low levels of socioeconomic development, and the need for governments to invest in preventive solutions if they want to ensure inclusive and sustainable development. More systematic, quantitative evidence is needed, however, to demonstrate the short and longer-term economic impacts of internal displacement at the local, national and international level and generate the political will to address the phenomenon.

This thematic series aims to bridge this knowledge gap through innovative research, partnerships with experts and practitioners from a wide range of disciplines and consultations with policy stakeholders concerned with economic development.

STATE OF KNOWLEDGE

There have been numerous attempts to evaluate the cost of disasters and conflicts. The UN Office for Disaster Risk Reduction's global assessment reports, for example, have revealed the human and economic losses associated with disasters since 2009.[2] There have been few such initiatives, however, for internal displacement itself.

One notable exception was a report, published by the World Bank and the University of Oxford in 2012, to assess the impacts and costs of forced internal and cross-border displacement using mixed methods.[3] The report mentioned the need to look beyond direct impacts, but still focused mostly on livelihood indicators. Nor was it taken forward to conduct actual quantitative cost assessments.

Longer-term consequences, such as individuals' reduced economic potential as workers, producers, consumers and taxpayers, have never been measured. This is partly down to the lack of useable data, but also because most studies have been conducted in silos, with a limited scope and focusing on only one socioeconomic dimension at a time.

Previous publications on the economic consequences of internal displacement have tended to adopt qualitative approaches, but very few have undertaken a quantitative assessment. Examples include studies of the consequences of internal displacement on women in Nigeria, its impact on agricultural livelihoods in Sri Lanka, or its effect on community violence in Colombia.[4]

They provide some evidence in areas such as labour market disruption and health, but most concentrate on a specific displacement situation at the local level. Some compare findings across a few different cases, but none have applied a standard methodology to a large number of situations to draw conclusions at the national or regional level.

The literature on cross-border migration and forced displacement is more productive in this sense. Several major reports have considered the impact of refugee or migrant inflows on the economy of their host communities, or the effects of cross-border displacement on health and education, but without necessarily translating them into economic terms.[5] These attempts can inform our research, but cannot be directly replicated. As we have often highlighted, data on internal displacement is even more challenging to obtain than that on cross-border movements and both involve similar but different drivers, triggers and impacts.[6]

RESEARCH OBJECTIVES

We propose the first comprehensive conceptual framework to assess the economic impact of internal displacement quantitatively across countries and situations, and regardless of its trigger.[7] The framework is intended to uncover the costs that have remained hidden until now, and allow for comparisons and the consolidation of results at the national, regional and global level.

Another essential objective of our research is to raise awareness among experts, practitioners and policy stakeholders concerned with economic development of the need to prevent internal displacement, not only for humanitarian reasons but also because it can be a significant burden on local and national economies. We are convinced that internal displacement has a dire effect on socioeconomic development that is felt far beyond communities of IDPs, their dependents and their hosts. Its ramifications extend to societies as a whole.

Yet internal displacement is consistently side-lined in global initiatives for sustainable solutions to humanitarian crises and under-development.[8] The focus of the 2016 New York Declaration and the global compacts on refugees and migration on cross-border movements all but eclipses the phenomenon.[9] The 2030 Agenda for Sustainable Development called for the disaggregation of data by migratory status on all relevant indicators, but most countries overlook IDPs and report only on refugees and international migrants.[10] The cost of cross-border movements for countries of origin and destination has become a major concern, but IDPs account for twice as many people as refugees. They are the submerged part of the iceberg.

Highlighting the cost of internal displacement is essential in generating wider support and encouraging greater investments in preventive measures and durable solutions for IDPs, their dependents and their hosts. This ambition is in line with the most recent guidelines on humanitarian and development work that governments and international organisations have adopted.[11]

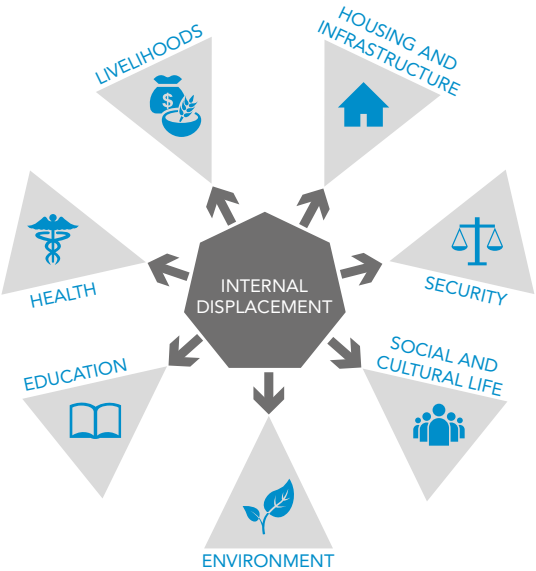
TOWARD A MORE COMPREHENSIVE ASSESSMENT

Internal displacement affects economies in many overlapping and interconnected ways. The impacts can be direct if, for instance, a municipality rents out hotel rooms to accommodate evacuees during a hurricane. They can also be indirect, if the same municipality has to reduce financial support for new entrepreneurs because part of the budget is reallocated to the evacuation. They can be felt in the short term, if the capacity of existing emergency rooms in a host community has to be increased to care for newly arrived IDPs, or in the longer term, if investment in new hospitals is needed to match the growing population of a host community when displacement becomes protracted.

Some impacts are tangible, when crops and livestock are lost. Others, such as months of lost education, are intangible. They may occur at the time of displacement, when IDPs have to pay for transport and temporary lodgings, or later when they have to accept a lower-paid job in the saturated labour market of their host area.

The few quantitative assessments that have been undertaken focus on short-term, direct and tangible costs associated with new displacements, such as the cost of providing shelter, food and emergency healthcare to IDPs. The longer-term, indirect and intangible costs associated with protracted displacement and everything in between have yet to be estimated.

Research has identified seven key areas in which internal displacement affects economies, illustrated in the figure below:



The absence of comprehensive quantitative assessments for all these dimensions, including the costs of lost opportunities such as reduced productivity, diverted development investments and deteriorating social stability, means that the real costs of internal displacement remain hidden.

KEY THEMES AND RESEARCH QUESTIONS

A comprehensive assessment of the costs of internal displacement should consider the many ways in which the phenomenon affects an economy, both negatively and positively, directly and indirect, and immediate and longer-term.

Consequences for IDPs, host communities, communities of origin, the private sector, local and national governments and humanitarian and development stakeholders need to be investigated.

The following themes and research questions illustrate the range and ambition of our research, but they are by no means exhaustive.

HOUSING AND INFRASTRUCTURE

One of the first ways in which internal displacement affects an economy is in terms of housing and infrastructure.[12] People forced to leave their homes face an increase in their expenses if they have to rent or buy new accommodation, which in turn affects the housing market of their host communities. Running shelters and expanding basic infrastructure in host areas to cover IDPs' needs also has consequences for the budgets of local authorities and humanitarian agencies.

Key questions:
- What effect does internal displacement have on housing markets in areas of origin and destination?
- Who bears the cost of running displacement camps?
- How do different stakeholders share the economic burden of providing accommodation for IDPs?
- Can satellite imagery help to assess the loss of assets such as housing and infrastructure as a result of internal displacement?

LIVELIHOODS

When IDPs flee, they often have to leave their livelihoods behind, which results in lost income. Their arrival in host areas also has consequences for local labour markets, disrupting wage levels and increasing unemployment rates and the need for social protection.[13]

Key questions:
- How do IDPs address the loss of income caused by their displacement?

- How are host communities affected by labour market disruptions associated with the arrival of IDPs?
- What is the cost of reduced production, consumption and work in areas of origin?
- What are the long-term consequences of labour market disruptions on IDPs and host communities?
- What is the cost of providing unemployment benefits and social protection to IDPs who have lost their income?
- What are the long-term effects of reduced incomes for IDPs and host communities on consumption and tax revenues?

SOCIAL NETWORKS

Displacement disrupts social networks in both the community of origin and in the host community[14]. It is estimated that the costs of economic disruption caused by the war in Syria are even greater than those of the physical damage and destruction.[15]

- How do home and host communities adapt to the disruption of social networks?
- How can we cost the economic losses caused by the disruption of social networks?

EDUCATION

The arrival of internally displaced children in host communities puts an additional burden on local schools, and the provision of education to young IDPs in camps also requires extra resources.[16] Reduced access to quality education during protracted crises has long-term consequences for a child's future income and economic potential.

Key questions:

- How does displacement affect children's educational achievements?
- How do host communities cope with the additional cost of providing education for IDPs?
- What are the consequence of reduced education on internally displaced children's future income?
- What is the cost of providing education for internally displaced children in camps?

HEALTH

The physical and psychological stress of the events that cause displacement and displacement itself have short and long-term consequences for IDPs' ability to contribute economically. A recent study in Ukraine found that they suffered from high levels of post-traumatic stress disorder, depression and anxiety.[17] Providing healthcare for IDPs in their host areas also involves additional costs for local authorities.

Key questions:

- How do IDPs access healthcare in emergency settings, during their transit to and in their host communities?
- What are the long-term consequences of displacement on IDPs' mental and physical health?
- Who bears the cost of providing healthcare for IDPs in camps and other settings?
- What are the economic consequences of IDPs' ill-health, including for their productivity?
- What are the consequences of large inflows of IDPs for the health of their host communities?

SECURITY

IDPs in general, and women, children, older people, those with disabilities and other minority groups in particular, are at higher risk of violence during displacement.[18] Ensuring their safety requires dedicated resources from public authorities and humanitarians. IDPs' arrival in host communities may also increase tensions and violence, placing an extra burden on security forces.[19]

Key questions:

- What is the cost of protecting IDPs, and vulnerable groups in particular, during displacement?
- How do large inflows of IDPs affect security in host communities?
- Who bears the cost of improving security in host communities?

ENVIRONMENT

Being displaced from one's habitual place of residence also means being uprooted from one's familiar ecosystem and natural resources. This is particular detrimental to indigenous communities whose lives and livelihoods are closely linked to their environment. Displacement can also lead to natural resource depletion and increased pollution in transit and host areas.

Key questions:

- What is the impact of displacement on IDPs', and particularly indigenous communities', economic reliance on natural resources?
- What is the effect of internal displacement on natural resources in areas of origin, transit and destination?

INFORMING BETTER POLICIES AND PLANNING

Quantitative answers to the above questions, backed by more in-depth qualitative research, would facilitate the comparative analysis of different policy options to address internal displacement. Governments' existing responses and preventive actions will also be assessed to identify the most efficient strategies and support better planning.

Key questions:

- What are the most efficient policy options to address internal displacement and reduce the risk of its occurrence?
- How is the cost of internal displacement distributed between governments and humanitarian and development agencies?
- Where and when should governments invest to limit the negative impacts of internal displacement on their economy?
- How can private companies and public authorities encourage IDPs to contribute economically to their host communities?
- How can countries benefit from investments in preventive measures?

CALL FOR PARTNERS

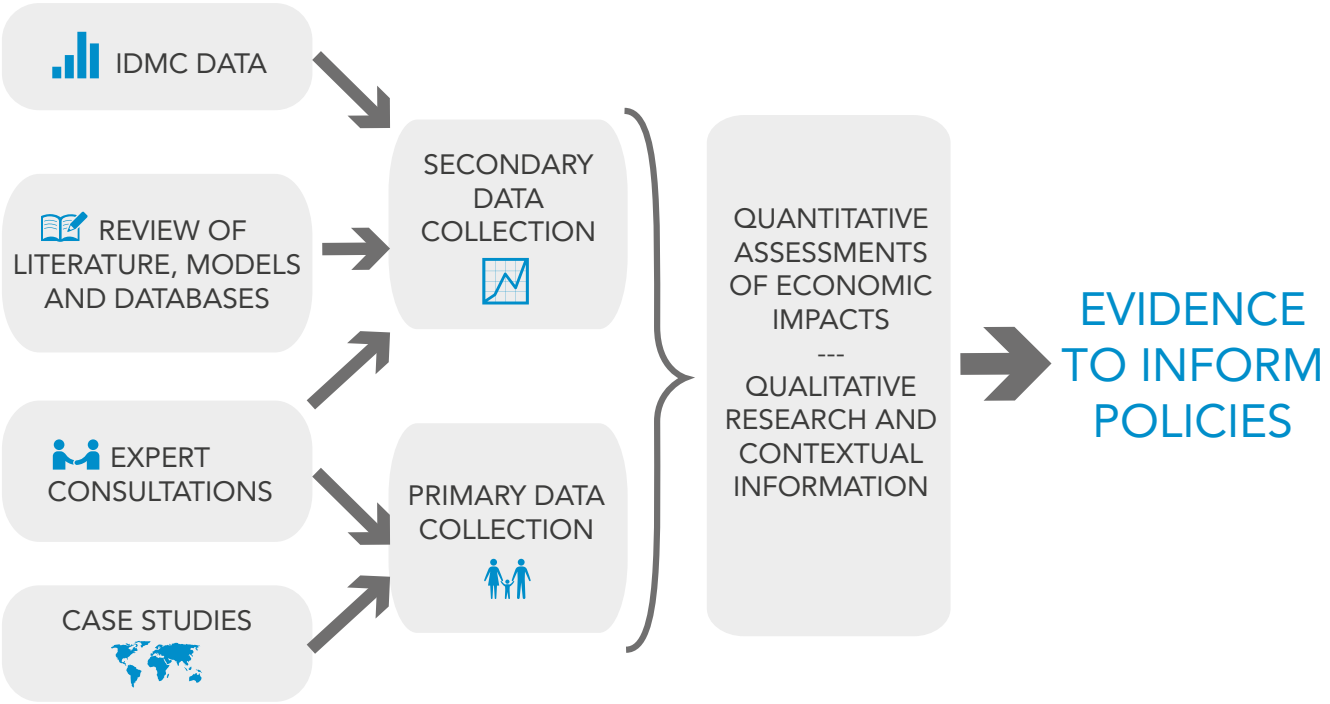
Our research on the economic impacts of internal displacement includes four main components: literature reviews and secondary data collection at regional and global levels; primary research in the form of country and event-based case studies and data collection at local level; risk and impact modelling and index-based assessments; and packaging and publication of results for policymakers.

This thematic series will include innovative conceptual and methodological papers that present options for the quantitative assessment of the economic impact of internal displacement, and case studies that apply them to real-life situations. The negative consequences of internal displacement for the economic potential of individuals and societies will be at the centre of our research, but the IDPs' positive impact on their local economies will also be considered and used as the basis for practical policy recommendations. A call for contributions is currently open on this topic.

All of our publications will consider the differences and commonalities between internal displacement associated with conflict, generalised violence, disasters, climate change, environmental degradation and infrastructure development. Its specific impacts on women, children, the elderly, people with disabilities, ethnic minorities and other vulnerable or marginalised groups, and its economic consequences for societies as a whole, will be highlighted where possible.

We are embarking on an ambitious research agenda that will benefit from the expertise, insights and knowledge of partners in a variety of fields and disciplines. The Office of U.S. Foreign Disaster Assistance (OFDA) supported our endeavour with initial funding. The International Institute of Applied Systems Analysis (IIASA) and the United Nations University's institute for environment and human security have already joined our efforts to uncover the hidden costs of internal displacement.

We invite other interested research and academic institutions and civil society and intergovernmental organisations working in areas related to displacement, economic development, disaster risk reduction, conflict resolution or any other relevant topic to contact us to discuss future collaboration. Contributions in the form of datasets, case studies, funding and policy expertise will all be most welcome.



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Cover photo: Internally displaced women and children queue hours in advance to receive their daily 20 liters of water in drought stricken Ethiopia. Credit: NRC/Sidney Kung'u, March 2017

Christelle Cazabat
Researcher
christelle.cazabat@idmc.ch

Bina Desai
Head of Policy and Research
bina.desai@idmc.ch

IDMC
NRC, 3 rue de Varembé
1202 Geneva, Switzerland
www.internal-displacement.org
+41 22 552 3600
info@idmc.ch