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.

UNVEILING THE COST OF INTERNAL DISPLACEMENT
2020 report

www.internal-displacement.org
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EXECUTIVE SUMMARY

Internal displacement can have a destabilising effect on the lives of those forced to flee their homes, often with significant financial repercussions. It can limit the ability of internally displaced people (IDPs) to contribute to the economy and generate specific needs that must be paid for by the IDPs themselves, host communities, government agencies and the humanitarian sector.

Based on an original methodology, IDMC in February 2019 first estimated the direct cost of providing every IDP with support for housing, education, health and security, and their estimated loss of income in eight countries.1 The economic impact of internal displacement globally in 2017 was estimated at $13 billion, with an average cost and loss of $310 per IDP.2 In a subsequent study, the cost of internal displacement in sub-Saharan Africa for 2018 was estimated at $4 billion.3

This report applies the same methodology to assess the economic impact associated with internal displacement in 2019 for 22 countries (see Box 1). The countries selected have recently been affected by internal displacement associated with conflict and violence, disasters, or a combination of both. As they are located in different regions and range from low to upper-middle income, they provide a cross section of the conditions under which displacement crises can occur and the financial ramifications associated with them.

The estimated cost and loss associated with displacement ranged from $114 per IDP for a year of displacement in Colombia to $869 per IDP in Syria. This variation is a result of a range of factors including differences in the level of need across affected populations and the cost of meeting those needs, as well as IDPs’ estimated loss of income.

With about 50.8 million people living in internal displacement as a result of conflict, violence and disasters at the end of 2019, and an estimated average cost and loss of $390 per IDP, this places the total global economic impact in 2019 at $20 billion.4

These estimates are conservative, partly because of the limited data available and the complexity of the issue. They do not account for the economic impacts associated with longer-term consequences of internal displacement, or the financial impacts on host communities or communities of origin.

Despite only uncovering a fraction of the hidden costs and losses associated with internal displacement, these figures reveal the substantial economic burden it can place on governments, aid providers and society as a whole. In the case of Somalia, for instance, the total economic impact of internal displacement was estimated to be just over $1 billion, which represents about 21 per cent of the country’s GDP in 2018.5

Revealing the financial consequences of internal displacement can highlight the value of investing in preventative strategies and early interventions to support IDPs more effectively and reduce the negative economic impacts associated with their displacement.
As the number of people living in internal displacement recorded in 2019 reached an all-time high, there is growing evidence of its economic impacts and their ripple effects on the lives of internally displaced people (IDPs) and societies as a whole. Displacement can limit people’s ability to contribute to an economy. It can also generate specific needs that must be paid for by the IDPs themselves, host communities, government agencies and the humanitarian sector.

IDMC published the first global estimates of the costs and losses associated with internal displacement’s most direct impacts on housing, livelihoods, education, health and security in February 2019. Using an original methodology based on publicly available data, it assessed the financial consequences of internal displacement in eight countries, estimating that the total global economic impact for 2017 reached nearly $13 billion, or an average cost and loss of $310 per IDP.

This report applies the same methodology to assess the economic impact of internal displacement for 2019 and presents findings for 22 countries: Afghanistan, Burkina Faso, Burundi, Cameroon, Central African Republic (CAR), Chad, Colombia, Democratic Republic of the Congo (DRC), Ethiopia, Haiti, Iraq, Libya, Mali, Niger, Nigeria, Palestine, Somalia, South Sudan, Sudan, Syria, Ukraine and Yemen. The selected countries include the ten that reported the highest number of people living in internal displacement as a result of conflict and violence in 2019, and six out of the ten countries that recorded the highest number of IDPs as a result of disaster.

The average cost and loss per IDP in 2019 varied from country to country, ranging from $114 per IDP in Sudan to $869 per IDP in Syria. By comparison, in the previous estimates, the average cost and loss per IDP ranged from $357 per year in Somalia to $970 in Ukraine. With about 50.8 million people living in internal displacement as a result of conflict, violence and disasters and an estimated average cost and loss of $390 per IDP, this places the total global economic impact in 2019 at about $20 billion.

Although the figures presented in this report are likely to be underestimates, they amount in some cases to a substantial share of the affected country’s GDP, particularly in severe or protracted displacement crises. Revealing the financial consequences facing IDPs, host communities and governments can highlight the value of investing in preventative strategies and early interventions to support IDPs and host communities more effectively and reduce the negative economic impacts associated with their displacement.

### INTRODUCTION

#### METHODOLOGY AND LIMITATIONS

These estimates focus on the direct and immediate costs and losses associated with internal displacement for 22 countries based on publicly available data. The methodology relies on impact metrics that represent the key dimensions through which displacement affects the economy: housing, livelihoods, education, health and security (see Table 1). For each metric, the average costs and losses per IDP are assessed for a year of displacement.

Information from the Humanitarian Needs Overviews (HNOs) and Humanitarian Response Plans (HRPs) of the UN Office for the Coordination of Humanitarian Affairs (OCHA) was used to estimate the costs associated with meeting IDPs’ housing, education, health and security needs (see Box 2). The housing dimension includes costs associated with providing shelter, non-food items (NFI), water, sanitation and hygiene services (WASH), and camp coordination and camp management (CCCM) to affected IDPs. The health dimension includes costs associated with providing IDPs with food security, nutrition and primary healthcare.
Although income losses would be different for households and firms, World Bank data is used to estimate these losses as they are expressed in monetary terms. The funds received by humanitarian organisations or governments working in country represent only a portion of the economic impact. The remaining economic impacts have to be borne by the country’s IDPs, host communities, and NGOs working in country. Although HNOs are a useful tool for donor mobilisation, there are significant gaps each year between the funds required by the HNOs and the funds actually received by OCHA, meaning that not all needs are met.

For instance, OCHA’s estimates of the funds needed to provide a certain number of IDPs with food security assistance are used to calculate the cost of meeting the needs of one affected person. This information is then adjusted to take into account the fact that not every IDP is necessarily affected in all dimensions. For example, if the HNO indicates that only 50 per cent of the country’s IDPs require food security assistance, the cost per affected person is only applied to half of the internally displaced population to estimate the total cost of meeting their needs. This calculation is illustrated in Figure 1.

These cost estimates do not correspond to the actual amount spent by humanitarian organisations or governments in response to crises, but are instead estimates of the total amount that would have been required to have met the needs of IDPs: a measure of the impacts of internal displacement in a given impact dimension, expressed in monetary terms. The funds received by humanitarian organisations in these crises generally represent only a portion of the economic impact. The remaining economic impacts have to be borne by other actors, including IDPs, host communities and governments.

To measure the impacts of internal displacement on livelihoods, World Bank data is used to estimate losses resulting from the inability of IDPs to continue their income-generating activities because of their displacement. Although income losses would be different for each IDP, in the absence of more precise data, adjusted net national income per capita is used as a proxy indicator for the average lost livelihood for all IDPs.

The average cost per IDP for housing, education, health and security, and their estimated loss of income, are added up to calculate the overall economic impact per IDP. To estimate the total economic impact of internal displacement for that country, the cost per IDP is then applied to the total number of IDPs recorded in the country at the end of 2019 as a result of conflict and violence, disasters or both, depending on the focus of the HRP.

Applying the average economic impact per IDP ($390) to the total number of IDPs across the globe on 31 December 2019 (50.8 million) leads to a total global economic impact of $20 billion for 2019. The average cost per IDP is only applied to half of the internally displaced population to estimate the total cost of meeting their needs. This calculation is illustrated in Figure 1.

These estimates are conservative. They do not account for the economic impact associated with longer-term consequences of internal displacement, such as the future reduction in income linked to disruptions in displaced children’s education. The costs of adapting infrastructure and services to cope with the arrival of large numbers of IDPs in host communities are missing as well. Research has shown that internal displacement affects host communities and IDPs’ communities of origin, but the available data does not allow us to estimate this.

The number of people living in internal displacement at the end of 2019 is also underestimated. This is because data on the number of IDPs in disaster settings only exists for seven per cent of the disasters that IDMC monitored in 2019 and for about 50 per cent of events where housing destruction data exists. The number of IDPs in conflict and violence settings, and the figures presented in the HNOs, are also likely to be underestimates due to the availability of data and access constraints.

A further limitation is that the countries selected for analysis were those for which a HRP was available. Countries where national plans alone respond to displacement were excluded. This means that many of the costs and losses associated with internal displacement remain hidden and that the figures presented in this report uncover only part of its economic impact.

The detailed calculations for each dimension are presented in the Methodological Annex at the end of this report, which also includes a further discussion of current limitations.
### TABLE 1: Data sources and indicators used to assess the economic impacts of internal displacement

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Metric</th>
<th>What is included</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Housing</strong></td>
<td>Cost of providing temporary accommodation</td>
<td>providing emergency and transitional shelter solutions, including subsidies for rents or repairs (Shelter)</td>
</tr>
<tr>
<td>Data sources: Humanitarian Response Plans and Humanitarian Needs Overviews by OCHA</td>
<td>delivering needs-based, lifesaving non-food items (NFI)</td>
<td>providing water, sanitation and hygiene services (WASH)</td>
</tr>
<tr>
<td><strong>Livelihoods</strong></td>
<td>Loss of income</td>
<td>loss of income from work</td>
</tr>
<tr>
<td>Data sources: World Development Indicators by the World Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td>Cost of providing temporary education</td>
<td>restoring educational activities for children of primary and secondary school age</td>
</tr>
<tr>
<td>Data sources: Humanitarian Response Plans and Humanitarian Needs Overviews by OCHA</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td>Cost of providing food assistance</td>
<td>providing lifesaving access to food and improving food production (food security)</td>
</tr>
<tr>
<td>Data sources: Humanitarian Response Plans and Humanitarian Needs Overviews by OCHA</td>
<td>providing emergency and essential primary/secondary health services</td>
<td>preventing and responding to communicable diseases</td>
</tr>
<tr>
<td><strong>Security</strong></td>
<td>Cost of ensuring security in host areas</td>
<td>reinforcing and providing protection to IDPs</td>
</tr>
<tr>
<td>Data sources: Humanitarian Response Plan and Humanitarian Needs Overview by OCHA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### OVERVIEW OF ECONOMIC IMPACTS

#### KEY MESSAGES

- In the 22 countries for which data was available in 2019, the average cost and loss per IDP was $390 for a year of displacement, up from $310 in 2017.
- The global economic impact of internal displacement was at least $20 billion in 2019, up from $13 billion in 2017.

#### MAP 1: Countries included in 2019 estimates*

* Countries selected for analysis were those for which a HRP was available for 2019.

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*Countries included in 2019 estimates.*
The cost of providing each IDP with housing, education, health, security and livelihood support was estimated for 2019 at an average of $390 for a year of displacement.

VARIATIONS IN ECONOMIC IMPACTS

The average cost and loss per IDP varied across the 22 analysed countries, ranging from $114 per IDP for a year of displacement in Colombia to $869 per IDP in Syria. This variation was partly a result of differences in the estimated cost of meeting the needs of an affected person in each country, as well as their estimated loss of income.

Differences in the estimated costs outlined in OCHA’s HRPs may reflect the different level of need of affected populations: where the needs are greater, the costs are higher. However, other factors may also be at play. For example, the cost per IDP may be higher in countries where international humanitarian actors are brought in as part of an emergency response, rather than using in-country resources.

In regards to estimated losses, adjusted net national income per capita is used as a proxy indicator for lost livelihoods for all IDPs. This means that in countries such as Iraq, where the national income is higher than many of the other countries analysed, the economic impact resulting from the loss of livelihoods would also be greater, leading to a higher average loss per IDP.

Variations in the average cost and loss per IDP and the overall economic impact recorded for each country also depended on the proportion of IDPs affected for each dimension, or in need of humanitarian assistance, and the total number of IDPs living in the country. For instance, although the cost of providing an affected child with education in Nigeria and Ukraine was virtually the same, the proportion of internally displaced children in need of educational support and the total internally displaced population were significantly higher in Nigeria than in Ukraine. As a result, the total economic impact for education was about $29 million in Nigeria, compared with $2.6 million in Ukraine (see Figure 2).

With an estimated cost and loss of $869 per IDP and about 6.5 million people in internal displacement at the end of 2019, Syria recorded the highest overall economic impact, at $5.6 billion. The economic impact of internal displacement in the DRC and Iraq were also among the highest of the countries analysed, totalling $1.8 billion and $1 billion, respectively.

In the case of the DRC, although the cost and loss of $319 per IDP was below the average of the countries analysed, the total economic impact was higher than most as the country recorded one of the largest internally displaced populations at the end of 2019. In contrast, although Iraq’s internally displaced population of 1.5 million people was lower than some of the other countries analysed, the average cost and loss per IDP was relatively high at $715 per IDP for a year of displacement. This led to a greater overall economic impact (see Figure 3).

The estimated global economic impact of internal displacement for a year of displacement rose from $13 billion for 2017 to $20 billion for 2019. This rise is in part a result of the fact that the number of IDPs used for our 2019 calculations was significantly higher than in 2017. Not only did the number of people recorded as living in internal displacement as a result of conflict and violence reach an all-time high in 2019, but for the first time, conservative estimates of the number of people displaced by disasters were also included.

Changes in the humanitarian situation also contributed to much higher estimates for 2019 for some of the countries analysed. The average cost of ensuring the security of each affected person across the countries analysed increased from $35 in our previous estimates to $70 in our 2019 estimates.

One of the most striking examples of this is Yemen. Previous estimates had placed the cumulative economic impact of internal displacement in the country from March 2015 to December 2017 at nearly $1.65 billion, with an average annual economic impact of $570 million. This report indicates, however, that the total economic impact of internal displacement in 2019 alone reached nearly $1.3 billion, which represents more than double the average annual economic impact of displacement between 2015 and 2017.

This significant increase is linked to a rise in the number of IDPs recorded in the country from two million people in 2017 to more than 3.6 million people at the end of 2019, as well as changes in the needs of IDPs because of the ongoing crisis. For instance, the proportion of IDPs in need of food assistance increased from 80 per cent in 2017 to 100 per cent in 2019. This followed reports that IDP households were facing extreme hunger amid intense economic decline and long-term displacement.
The greatest financial burden associated with internal displacement in the 22 countries selected for analysis stemmed from loss of livelihoods and health costs, which together accounted for two-thirds of the total economic impact (see Figures 5 and 6).

Income losses were high in parts of sub-Saharan Africa, amounting to 60 per cent of the total economic impact in Cameroon and 58 per cent in Nigeria. The cost of meeting health needs, including the provision of food, nutrition and essential healthcare, also represented a significant proportion of the overall economic impacts. In Niger, where displaced populations are facing chronic food insecurity, the cost of meeting the health needs of IDPs’ housing needs represented 21 per cent of the total economic impact across the countries, ranging from $26 per IDP in Cameroon to $224 per IDP in Syria. The costs associated with meeting the needs of an IDP was $167 per year of displacement, which represents 48 per cent of the total economic impact of internal displacement in the country.14 Health costs were also high in the DRC, Yemen, Somalia and South Sudan. The bulk of those costs also stemmed from the provision of food assistance. The costs associated with meeting IDPs’ housing needs represented 21 per cent of the total economic impact across the countries, ranging from $26 per IDP in Cameroon to $224 per IDP in Syria. The economic impacts associated with education and security accounted for four and eight per cent, respectively, of the total economic impact recorded for the 22 countries.

The costs associated with security averaged $59 per IDP for a year of displacement. In Haiti, security costs amounted to $275 per IDP, equal to 57 per cent of the country’s total economic impact. This high figure stems in part from the fact that IDPs are among the groups most severely affected by cases of abuse, violence and exploitation.15 Mitigating those risks and strengthening existing protection mechanisms were among the key objectives of the country’s 2019 HRP.21

**MEETING THE COSTS OF INTERNAL DISPLACEMENT**

Responding to displacement crises and meeting IDPs’ basic needs can place a significant financial burden on overstretched humanitarian resources and fragile national economies. In the case of Somalia, for example, the total cost of meeting the needs of the country’s 2.6 million IDPs for a year of displacement was just over $1 billion. This represents about 21 per cent of the country’s GDP in 2018 (see Figure 7).14

Although 83 per cent of the funds requested in Somalia’s HRP were received by the end of the year, this is rarely the case at the global level.23 Only 63 per cent of the $28 billion requested by OCHA to meet humanitarian needs across the globe were received by the end of the year (see Box 3).24 This gap severely limits the resources available to assist IDPs.

In the case of the DRC, only 43 per cent of the funds requested in the 2019 HRP had been received by the end of the year, leaving the needs of many IDPs unmet and placing the burden on IDPs and host communities to absorb the costs associated with displacement.24

Relying on humanitarian responses to address internal displacement is unsustainable. Most of the countries analysed have been repeatedly affected by displacement crises and continue to be at risk, highlighting the need to incorporate responses into longer-term national plans. This would require aligning funding modalities to encourage multi-year planning and foster greater coordination between the humanitarian and development sectors.
BOX 3: Global funding gaps for 2019

OCHA’s Financial Tracking Service presents progress and trends in relation to the funding requested in HRPs and other appeals. A closer look at the global funding progress per sector in 2019 reveals that the largest gaps in humanitarian funding were for housing and security. In contrast, the greatest funding coverage was for nutrition and food security (see Figure 8). The major funding gaps in 2018 were also for housing and security (see Figure 8).

While gaps remain, the proportion of funding received has increased slightly over the last five years, even as the total of amount required also increased (see Figure 9).

The 22 countries analysed in this report were affected by significant internal displacement associated with conflict and violence, disasters, or a combination of both in 2019. They include the ten countries that reported the highest number of people living in internal displacement as a result of conflict and violence – Syria, Colombia, the DRC, Yemen, Afghanistan, Somalia, Sudan, Iraq, and Ethiopia – and six out of ten countries that recorded the highest number as a result of disaster – Afghanistan, Ethiopia, Sudan, South Sudan, the DRC, and Nigeria. As the countries are located in different regions and range from low to upper-middle income, they provide a cross section of the conditions under which displacement crises can occur and the financial ramifications (see Figure 10).

COUNTRY-LEVEL ESTIMATES

The 22 countries analysed in this report were affected by significant internal displacement associated with conflict and violence, disasters, or a combination of both in 2019. They include the ten countries that reported the highest number of people living in internal displacement as a result of conflict and violence – Syria, Colombia, the DRC, Yemen, Afghanistan, Somalia, Sudan, Iraq, and Ethiopia – and six out of ten countries that recorded the highest number as a result of disaster – Afghanistan, Ethiopia, Sudan, South Sudan, the DRC, and Nigeria. As the countries are located in different regions and range from low to upper-middle income, they provide a cross section of the conditions under which displacement crises can occur and the financial ramifications (see Figure 10).

FIGURE 8: 2018 and 2019 humanitarian funding gaps by sector

FIGURE 9: Trends in funding 2015 – 2019

FIGURE 10: Distribution of economic impacts of internal displacement for each country*

*Due to rounding, the sum of the separate figures may equate to a total greater or less than 100 per cent.
Security 23.1% - $219M
Housing 8.9% - $99M
Livelihoods 49.4% - $549M
Education 4.2% - $47M
Health 40.3% - $88M

Total economic impact = $1.1B

Security 5.4% - $19M
Housing 19.3% - $68M
Livelihoods 50.2% - $177M
Education 2.0% - $7M
Health 6.1% - $111M

Total economic impact = $353M

Security 12.2% - $106M
Housing 43.6% - $339M
Livelihoods 22.4% - $18M
Education 4.9% - $4M
Health 4.0% - $9M

Total economic impact = $1.8B

Security 19.2% - $115M
Housing 31.6% - $24M
Livelihoods 16.9% - $14M
Education 4.9% - $4M
Health 43.6% - $339M

Total economic impact = $76M

Security 0.6% - $4M
Housing 26.9% - $172M
Livelihoods 33.1% - $272M
Education 4.0% - $9M
Health 43.6% - $339M

Total economic impact = $26M

Security 7.8% - $17M
Housing 21.9% - $44M
Livelihoods 52.6% - $104M
Education 8.9% - $99M
Health 15.9% - $32M

Total economic impact = $199M

Security 19.9% - $16M
Housing 12.8% - $3M
Livelihoods 23.2% - $19M
Education 2.2% - $1M
Health 31.6% - $44M

Total economic impact = $729M

Security 1.9% - $16M
Housing 24.9% - $204M
Livelihoods 18.9% - $192M
Education 3.5% - $2M
Health 24.9% - $204M

Total economic impact = $911M

Security 6.8% - $123M
Housing 45.4% - $824M
Livelihoods 13.2% - $240M
Education 6.1% - $111M
Health 45.4% - $824M

Total economic impact = $1B

Security 3.4% - $191M
Housing 25.8% - $1.5B
Livelihoods 22.4% - $18M
Education 1.4% - $79M
Health 18.8% - $1.1B

Total economic impact = $5.6B

Security 6.8% - $116M
Housing 18.8% - $127M
Livelihoods 18.9% - $192M
Education 13.0% - $132M
Health 37.9% - $35M

Total economic impact = $729M

Security 11.4% - $116M
Housing 16.9% - $14M
Livelihoods 22.4% - $18M
Education 4.9% - $4M
Health 4.0% - $9M

Total economic impact = $26M

Security 3.5% - $32M
Housing 7.8% - $16M
Livelihoods 9.0% - $82M
Education 5.3% - $6M
Health 28.4% - $258M

Total economic impact = $5.6B

Security 6.8% - $116M
Housing 16.9% - $14M
Livelihoods 22.4% - $18M
Education 1.4% - $79M
Health 18.8% - $1.1B

Total economic impact = $729M

Security 14.4% - $161M
Housing 49.4% - $549M
Livelihoods 15.9% - $32M
Education 4.2% - $47M
Health 14.4% - $161M

Total economic impact = $199M

Security 5.4% - $17M
Housing 23.1% - $257M
Livelihoods 49.4% - $549M
Education 4.2% - $47M
Health 14.4% - $161M

Total economic impact = $26M
This section provides a closer look at the estimates for Afghanistan, Colombia, Iraq, Syria and Yemen, which are facing some of the most acute and protracted internal displacement crises in the world.

Armed conflict and disasters continued to trigger displacements in each of these five countries in 2019. The deteriorating humanitarian contexts have also heightened the needs of people living in protracted displacement, with financial consequences for IDPs, their host communities, governments and the humanitarian sector.

**AFGHANISTAN**

Afghanistan faces one of the world’s most acute internal displacement crises as a result of four decades of armed conflict and insecurity. Fighting and attacks involving the Taliban, government forces and the Islamic State of Khorasan triggered 461,000 new displacements in 2019, an increase from 2018. The country is also highly vulnerable to disasters: Severe drought and floods triggered 117,000 new displacements in 2019. There were 4.2 million people recorded as living in internal displacement at the end of 2019, many of whom were in need of life-saving assistance.

The total annual economic impact of internal displacement in the country was estimated at $987 million, equivalent to five per cent of its GDP in 2018 (see Table 2 and Figure 11). The average cost and loss per IDP was $235 for a year of displacement. The estimated cost of meeting IDPs’ housing needs for a year represented about 18 per cent of the total economic impact. The cost of meeting IDPs’ health needs for a year represented about 29 per cent of the total economic impact. Drought, floods and escalating violence contributed to rising food insecurity in 2019. An estimated 70 per cent of IDPs were in need of critical food support. As a result, more than two-thirds of the estimated health costs were associated with providing food security assistance to IDPs.

The estimated loss of income from internal displacement was almost as high as the costs associated with health, accounting for nearly 28 per cent of the total economic impact. The cost of meeting IDPs’ housing needs for a year represented about 18 per cent of the total economic impact. The cost of meeting IDPs’ security needs for a year represented about 14 per cent of the total economic impact. The cost of meeting IDPs’ education needs for a year represented about 11 per cent of the total economic impact.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Affected IDPs as percentage of total internally displaced population</th>
<th>Cost and loss per affected person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livelihoods</td>
<td>14% (37% of previously working IDPs)</td>
<td>$466</td>
</tr>
<tr>
<td>Housing: Shelter/Non-Food Items</td>
<td>39%</td>
<td>$60</td>
</tr>
<tr>
<td>Housing: Water, Sanitation &amp; Hygiene</td>
<td>64%</td>
<td>$28</td>
</tr>
<tr>
<td>Education</td>
<td>27% (all IDPs between ages 5 and 14)</td>
<td>$95</td>
</tr>
<tr>
<td>Health: Food security</td>
<td>70%</td>
<td>$71</td>
</tr>
<tr>
<td>Health: Nutrition</td>
<td>15% (all IDPs under age of 5)</td>
<td>$58</td>
</tr>
<tr>
<td>Health: Healthcare</td>
<td>30%</td>
<td>$34</td>
</tr>
<tr>
<td>Security</td>
<td>100%</td>
<td>$34</td>
</tr>
</tbody>
</table>

**TABLE 2: Percentage of the total internally displaced population affected for each dimension and corresponding cost or loss per affected person**

*Due to rounding, the sum of the separate figures may equate to a total greater or less than 100 per cent.*
COLOMBIA

Colombia has been one of the most protracted internal displacement crises in history as a result of more than 50 years of armed conflict and violence. The government and the Revolutionary Armed Forces of Colombia (FARC) signed a peace agreement in 2016 to officially put an end to the conflict. FARC dissident groups and other illegal armed groups, however, continue to fight for control over land, resources and drug trafficking routes, triggering about 139,000 new displacements in 2019.43 At the same time, about 35,000 new disaster displacements were recorded in 2019, with many major cities at high risk for earthquakes, floods and landslides.44

The 2019 HNO for Colombia estimates that 409,000 IDPs were in need of humanitarian assistance in 2019.45 This represents seven per cent of the 5.6 million people estimated to be living in internal displacement in the country at the end of 2019. Table 3 indicates the percentage of IDPs in need of humanitarian assistance, as per the HNO, out of the total of 5.6 million IDPs.

The total annual economic impact of internal displacement in Colombia is estimated at $637 million, with the costs and losses per IDP at $114. The average income in Colombia is higher than in other analysed countries, and the financial burden stemming from the loss of livelihoods is particularly significant, representing about 68 per cent of the overall economic impact (see Figure 12).

TABLE 3: Percentage of the total internally displaced population affected for each dimension and corresponding cost or loss per affected person

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Affected IDPs as percentage of total internally displaced population</th>
<th>Cost and loss per affected person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livelihoods</td>
<td>1.5% (37% of previously working IDPs identified to be in need of humanitarian assistance)</td>
<td>$5227</td>
</tr>
<tr>
<td>Housing: Shelter/NFI</td>
<td>7.3% (all IDPs identified to be in need of humanitarian assistance)</td>
<td>$367</td>
</tr>
<tr>
<td>Housing: Water, Sanitation &amp; Hygiene</td>
<td>5.6% (76% of all IDPs identified to be in need of humanitarian assistance)</td>
<td>$85</td>
</tr>
<tr>
<td>Education</td>
<td>2% (27% of all IDPs identified to be in need of humanitarian assistance)</td>
<td>$70</td>
</tr>
<tr>
<td>Health: Food security + nutrition</td>
<td>1.6% (22% of all IDPs identified to be in need of humanitarian assistance)</td>
<td>$128</td>
</tr>
<tr>
<td>Health: Healthcare</td>
<td>1.8% (24% of all IDPs identified to be in need of humanitarian assistance)</td>
<td>$74</td>
</tr>
<tr>
<td>Security</td>
<td>0.9% (12% of all IDPs in need of humanitarian assistance)</td>
<td>$74</td>
</tr>
</tbody>
</table>

The cost of meeting IDPs’ health needs accounts for just under one per cent of the total economic impact, while the costs associated with meeting IDPs’ education and security needs represent about one per cent each of the total. These figures, however, only reflect the costs humanitarian actors would incur in assisting IDPs. They do not reflect the full economic impact of displacement on security or education. In both cases, the activities of humanitarian actors complement efforts and spending made by government institutions on internal displacement.46 The costs associated with education include promoting access to schooling and installing temporary educational spaces, while the costs associated with security include action on gender-based violence and mines.47 The fact that both education and security only account for one per cent of the estimated economic impact is also partly a result of the high financial burden associated with loss of livelihoods.

IRAQ

Years of ongoing violence, including the recent armed conflict against the Islamic State in Iraq and the Levant (ISIL), have contributed to Iraq’s current displacement crisis. Conflict and violence triggered about 104,000 new displacements in 2019.48 Water scarcity and disasters have also been major drivers of displacement, triggering roughly 37,000 new displacements that year.49 Some 1.6 million people were recorded to be living in internal displacement in the country at the end of 2019, down from two million in 2018 and 2.6 million in 2017.50 Despite this decline, however, humanitarian needs are still severe. Fifty-four per cent of IDPs have been displaced for three or more years, and prolonged displacement has exacerbated their vulnerabilities.51

Iraq recorded one of the highest economic impacts per IDP, with a cost of $715 per IDP for a year of displacement. This places the total annual economic impact at $1.1 billion. Loss of livelihoods was the most significant financial burden, representing around half of the total economic impact. This was followed by impacts on security, at about $165 per IDP, representing almost a quarter of the total economic impact (see Table 4 and Figure 13).

This is consistent with reports that a lack of employment opportunities and a reliance on humanitarian aid has increased protection risks among IDPs, particularly women and children.52 The impacts on health represented 14 per cent of the total economic impact, while the costs associated with providing IDPs with adequate housing and education stood at nine and four per cent, respectively.

*Due to rounding, the sum of the separate figures may equate to a total greater or less than 100 per cent.
TABLE 4: Percentage of the total internally displaced population affected for each dimension and corresponding cost or loss per affected person

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Affected IDPs as percentage of total internally displaced population</th>
<th>Cost and loss per affected person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livelihoods</td>
<td>9% (37% of previously working IDPs)</td>
<td>$3944</td>
</tr>
<tr>
<td>Housing: Shelter/ Non-Food Items</td>
<td>36%</td>
<td>$84</td>
</tr>
<tr>
<td>Housing: Camp Coordination &amp; Camp Management</td>
<td>30%</td>
<td>$45</td>
</tr>
<tr>
<td>Housing: Water, Sanitation &amp; Hygiene</td>
<td>33%</td>
<td>$59</td>
</tr>
<tr>
<td>Education</td>
<td>39% (all IDPs between ages 5 and 14)</td>
<td>$77</td>
</tr>
<tr>
<td>Health: Food security</td>
<td>71%</td>
<td>$102</td>
</tr>
<tr>
<td>Health: Healthcare</td>
<td>88%</td>
<td>$35</td>
</tr>
<tr>
<td>Security</td>
<td>100%</td>
<td>$165</td>
</tr>
</tbody>
</table>

Shelter/NFIs: 4.2%  
CCCM: 1.9%  
Healthcare: 4.4%  
WASH: 2.7%  
CCCM: 1.9%  
Shelter (NFI): 4.2%

SYRIA

As Syria entered its tenth year of civil war, clashes between the Syrian Democratic Forces, ISIL, external actors and other non-state armed groups continued to trigger widespread displacement across the country in 2019. About 6.5 million people were estimated to be living in displacement at the end of that year. The estimated costs and losses were $869 per IDP, adding up to a total annual economic impact of $5.6 billion. Not only is this the highest economic impact of the countries analysed, but it also amounts to a staggering 14 per cent of Syria’s GDP in 2007, the latest GDP figure made available by the World Bank.

Fifty-one per cent of this financial burden stems from loss of livelihood. This amounted to a loss of $4,658 per affected person (see Table 5 and Figure 14). Ongoing airstrikes have caused extensive destruction of housing and vital infrastructure. As a result, all IDPs were estimated to be in need of emergency shelter/NFI and WASH support in 2019, adding up to a cost of $224 per IDP and representing a quarter of the total economic impact.

Education needs in Syria were severe in 2019, with an estimated one in three schools either damaged or destroyed. A 2018 assessment of 226 camps in Aleppo and Idlib governorates found that 73 per cent of camps and settlements had no education services at all.

Although all internally displaced children were considered to be in need of educational support, the costs associated with the impacts on education account for just one per cent of the total, or $61 per internally displaced child. This extremely low impact reflects chronic underfunding in the education sector – as is the case for all analysed countries – which severely affects the sector’s ability to scale up its response and expand education services delivery.

TABLE 5: Percentage of the total internally displaced population affected for each dimension and corresponding cost or loss per affected person

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Affected IDPs as percentage of total internally displaced population</th>
<th>Cost and loss per affected person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livelihoods</td>
<td>9% (37% of previously working IDPs)</td>
<td>$4658</td>
</tr>
<tr>
<td>Housing: Shelter/ Non-Food Items</td>
<td>100%</td>
<td>$152</td>
</tr>
<tr>
<td>Housing: Camp Coordination &amp; Camp Management</td>
<td>100%</td>
<td>$54</td>
</tr>
<tr>
<td>Housing: Water, Sanitation &amp; Hygiene</td>
<td>100%</td>
<td>$18</td>
</tr>
<tr>
<td>Education</td>
<td>20% (all IDPs between ages 5 and 14)</td>
<td>$61</td>
</tr>
<tr>
<td>Health: Food security</td>
<td>100%</td>
<td>$122</td>
</tr>
<tr>
<td>Health: Nutrition</td>
<td>11% (all IDPs under the age of 5)</td>
<td>$28</td>
</tr>
<tr>
<td>Health: Healthcare</td>
<td>100%</td>
<td>$38</td>
</tr>
<tr>
<td>Security</td>
<td>100%</td>
<td>$29</td>
</tr>
</tbody>
</table>

*Due to rounding, the sum of the separate figures may equate to a total greater or less than 100 per cent.
YEMEN

Yemen is experiencing one of the world’s most acute humanitarian crises as a result of nearly four years of conflict and severe economic decline. Needs are increasing as a result of escalating violence and a deterioration in humanitarian access. Conflict and violence triggered around 398,000 new displacements in 2019, while disasters triggered at least 31,000. Roughly 3.6 million people were estimated to be living in internal displacement at the end of 2019, an increase of more than a third since 2018.51

The total economic impact of internal displacement in the country in 2019 was estimated at more than $1.24 billion. This represents more than double the average annual economic impact of displacement in Yemen between 2015 and 2017.52

With the country on the brink of famine and access to health facilities severely limited, the cost of meeting IDPs’ health needs, including food security, nutrition and healthcare, represented the highest financial burden. It accounted for just under half the total economic impact of displacement (see Table 6 and Figure 15).54

Housing represented the second highest economic impact, or 25 per cent of the total. Humanitarian needs for shelter/NFI have increased in recent years.55 In a survey of 1,453 households, 33 per cent were living in vulnerable shelters, including in camps, IDP settlements or makeshift shelters, such as public buildings and schools.56 IDPs living in rented accommodation often struggle to pay rent and are at a high risk for forced eviction.57 The costs associated with meeting their housing needs include the provision of emergency shelter kits, rental subsidies and cash assistance for those in private dwellings.58 It also includes the rehabilitation of transitional shelters and the reconstruction of damaged homes.59

The impact on livelihoods represents nearly 17 per cent, while the costs for security and education account for nine and three per cent of the total, respectively.

*Due to rounding, the sum of the separate figures may equate to a total greater or less than 100 per cent.
CONCLUSION

Responding to displacement crises and meeting IDPs’ basic needs can place a significant financial burden on overstretched humanitarian resources and fragile national economies. For this reason, investing in preventing and reducing internal displacement and its impacts is not only beneficial for security and wellbeing, but also helps the economy at large.

The estimates presented in this report are conservative and limited by the data available. They do, however, offer insights for national policy makers and global actors in responding to displacement crises. For instance, the greatest financial burden of internal displacement stems from loss of livelihoods. This highlights the importance of investing in livelihood opportunities for IDPs so they can reduce their income losses and reliance on humanitarian assistance.

More broadly, the strain displacement can place on national economies demonstrates the need to further integrate responses into longer-term national plans. It also shows the importance of fostering greater coordination between the humanitarian and development sectors. The fact that the costs per IDP may be higher if international humanitarian actors are brought in as part of emergency responses, rather than using in-country resources, also reinforces the importance of fostering developmental approaches to internal displacement that build local capacity.

Identifying areas in which internal displacement has the highest economic impact can help governments and aid providers in tailoring their interventions for greater efficiency. In order to do so, however, better data is needed on the number of people displaced, the duration of their displacement and the costs and losses associated with it in different areas. Gathering data for countries that do not rely on HRPs and where economic impacts of displacement may be lower can also deepen such analyses and potentially reveal cases of good practice.

Expanding the collection of data on the costs and losses associated with internal displacement is crucial to better responses and prevention measures. IDMC will continue to expand and improve these estimates to not only raise awareness about the negative consequences of displacement, but also highlight how to seize the opportunities displacement may present.

METHODOLOGICAL ANNEX

Economic impacts of internal displacement are estimated in five dimensions: housing, livelihoods, education, health and security. They are expressed either as additional costs required to meet the needs of IDPs or as losses compared with their pre-displacement situation.

For housing, education, health and security dimensions, our estimates are based on funds required in humanitarian response plans to meet IDPs’ needs. In particular, we compute the cost per affected person (\(C_{\text{cap}}(m)\)) in each metric (\(m\)) as the total budget (\(R_{\text{cap}}(m)\)) required by humanitarian organisations to meet IDPs’ needs in that metric divided by the number of targeted IDPs (\(N_{\text{cap}}(m)\)).

\[
C_{\text{cap}}(m) = \frac{R_{\text{cap}}(m)}{N_{\text{cap}}(m)}
\]

\(m = \text{Food security, Health, Education, etc.}\)

This is computed for one year of displacement. When information on specific requirements for IDPs is not available, the cost per affected person is computed based on total requirements for the targeted population, including people affected, whether displaced or not. The economic impacts of internal displacement on housing is represented by the cost of providing shelters, temporary accommodation or other forms of housing support to IDPs. We use several metrics from humanitarian response plans to account for this cost:

- Provision of emergency/transitional shelter solutions or support (e.g., camps, collective centres, informal settlements), and of non-food items (such as kitchen sets, blankets, clothes, etc.). In some countries, this can also include monetary support for rent, or home repair and return.

- Providing or improving access to safe drinking water, basic sanitation and hygiene items.

Economic impacts of displacement on education refer to the cost of providing temporary education to internally displaced children living in camps or in host communities. This covers the costs of providing or restoring educational activities for them in healthy and secure environments. Psychological support for children is explicitly included in a few cases. In our analysis, the cost per affected person associated with this metric is applied only to displaced children/youth of primary and secondary school age, between five and 14 years of age.

Our figures for education are largely underestimated. This is because they are based on the funds humanitarian organisations requested for education, an area which has consistently been among the most under-funded in displacement crises. Our figures also do not take into account the presumably significant impacts of barriers to education on internally displaced children’s future income, consumption or income taxes or the effects of displacement on children left behind in communities of origin or in host communities where classrooms may be overcrowded.

The economic impacts of internal displacement on health are represented by the cost of providing IDPs with food assistance, including food security and nutrition, and healthcare. Food security refers to the cost of providing IDPs with lifesaving access to diverse food and improving food production, while nutrition includes providing nutritional assistance to internally displaced children under five and pregnant or lactating women.

Healthcare consists of the cost of providing emergency or essential primary health services to IDPs, including prevention and response for communicable diseases and
immunisation coverage for children under five. Emergency healthcare is typically provided by humanitarian organisations, especially in conflict situations.

The economic impacts of internal displacement on security are represented by the cost of ensuring security in camps and host areas. This includes ensuring basic protection services for IDPs with particular attention to child and gender-based violence and to human rights violations. It also includes protection monitoring, advocacy and response, as well as strengthening community-based mechanisms for identifying and responding to protection concerns, legal assistance and advocacy for access to services and documentation provision, and psychological support and material assistance for survivors of violence.

Economic costs per affected person are then translated into economic costs of displacement (EC) in the following way:

\[ EC(m) = C_{loss}(m) \times n_{IDP} \times f_{lost} \]

where \( C_{loss}(m) \) is the cost per affected person for each metric, \( f_{mean} \) is the fraction of IDPs in need of assistance for each metric, and \( n_{IDP} \) is the total number of IDPs in the country. The number of IDPs in a country can change over the course of a single year. However, as it is only partially possible to track the number of IDPs over time, \( n_{IDP} \) represents the number of IDPs recorded in the country at the end of the year.

Information on \( f_{mean} \) is taken from OCHA’s HNOs and HRPs. For instance, if a HNO indicates that only 25 per cent of the country’s IDPs is in need of housing assistance, the cost per affected person is only applied to a quarter of the total internally displaced population. The total economic impact per dimension is the sum of the economic costs for each of the relevant metrics.

For livelihoods, we estimate losses resulting from the inability of IDPs to continue a work activity because of their displacement (EL). This is computed by multiplying the average lost livelihood among IDPs (all) with the number of IDPs that lost their income as a result of displacement:

\[ EL = aLL \times n_{IDP} \times f_{lost} \times f_{lost} \]

where \( f_{lost} \) is the fraction of the working-age population, \( f_{lost} \) is the fraction of the working-age population employed before displacement or among the non-displaced population, and \( f_{lost} \) is the fraction of IDPs that lost their income. Following the World Bank and International Labour Organization’s definition, the working-age population is considered for all people 15 and older. Information on \( f_{lost} \) and \( f_{lost} \) is taken from the World Bank database, while the value of \( f_{lost} \) is obtained from HNOs or HRPs.

For most countries, the adjusted net national income per capita (current $US) is used as a proxy indicator for the average lost livelihood among IDPs. This is obtained from the World Bank database. In cases where such information is not available (Palestine and South Sudan), median consumption or income (PPP$) is used instead. For Somalia and Syria, average lost livelihood is estimated using the average adjusted net national income per capita across neighbouring countries.

Our figures for this dimension are limited by a lack of knowledge on the actual loss of income linked with internal displacement. Another limitation is that loss of income can be caused by other factors, such as the destruction of production facilities by conflict or disasters. Lastly, accounting only for lost income does not include other economic impacts of internal displacement on livelihoods, such as loss of savings or other assets that may have been left behind in the area of origin.

It is important to stress that the data we use to assess economic costs and losses sometimes applies to all affected people, including IDPs and their hosts. For lack of better information, we assume that these costs and losses are distributed evenly between IDPs and hosts.

Another limitation is the distinction between costs and losses associated with internal displacement and those associated with the displacement triggers, such as destruction caused by a natural hazard.

NOTES

1. IDMC, Unveiling the Cost of Internal Displacement, February 2019.
2. Ibid.
7. IDMC, Unveiling the Cost of Internal Displacement, February 2019.
8. Ibid.
10. See e.g. OCHA, Base: Humanitarian Needs Overview 2019, November 2018.
11. OCHA, HRP Costing Methodology Options, 14 August 2018.
13. Ibid.
19. Ibid.
25. The Humanitarian Response Plan (HRP) for the Central African Republic was published in December 2018 to raise funds for 2019. The HRP focused mainly on the humanitarian crisis resulting from conflict and violence, rather than disasters. In 2019, severe floods led to 95,000 people living in internal displacement. The humanitarian needs resulting from these floods were not included in the HRP. Our estimates apply the same average cost per IDP, calculated from the HRP, to all people living in internal displacement across the country, whether they were displaced as a result of conflict and violence or disasters.
26. The Humanitarian Response Plan (HRP) for South Sudan was published in December 2018 to raise funds for 2019. The HRP focused mainly on the humanitarian crisis resulting from conflict and violence, rather than disasters. In 2019, severe floods led to 246,000 people living in internal displacement. The humanitarian needs resulting from these floods were not included in the HRP. Our estimates apply the same average cost per IDP, calculated from the HRP, to all people living in internal displacement across the country, whether they were displaced as a result of conflict and violence or disasters.


59. Ibid.


61. For Somalia, the average adjusted net national income per capita was taken from Djibouti, Kenya and Ethiopia. For Syria, the average was taken from Lebanon, Iraq and Jordan.