The economic and political costs of population displacement and their impact on the SDGs and multilateralism

Author: Kristinn Sv. Helgason

ABSTRACT

While migration and population displacement has always been part of the human experience, the context within which it occurs today has materially changed. Migration has become an important part of economic globalization and closely related to countries’ development process. Conflicts, poverty, natural disasters and climate events are also forcing people to migrate in an ever-increasing number. For many low-income countries with large number of internally-displaced people, on the other hand, the high economic costs are making it more difficult for them to invest in SDG implementation. Developing countries also host most of the externally-displaced people at high economic costs, which similarly affects their ability to achieve the SDGs. The political costs of hosting large number of refugees in developed states have also been significant in recent years, particularly in the aftermath of the 2015 European Refugee Crisis. The refugee crisis triggered intense politicization of migration and sharp rise in anti-immigration sentiments and support for populist parties in many countries of the region, leading some governments to tighten their borders, introduce more restrictive immigration policies and retreat from multilateral migration efforts. There is at the same time growing recognition that population displacement and migration is a contemporary global challenge that can only be solved through effective multilateral cooperation. In this context, it becomes important for states to build on the current nascent governance architecture such as the Global Compact on Refugees and the Global Compact for Migration so that the benefits of migration and population displacement can be more effectively harnessed for the achievement of the SDGs.

JEL Classification: F22, Q01

Keywords: migration, population displacement, climate change, conflicts, populism, multilateralism, SDGs

Sustainable Development Goals: 10, 17
CONTENTS

I Introduction ................................................................................................................. 3
II Population displacement: internal and external ......................................................... 4
   Internal displacement ................................................................................................. 4
   External displacement ............................................................................................... 5
   Climate-induced population displacement .............................................................. 6
III The economic costs of population displacement ...................................................... 7
   Internal displacement ............................................................................................... 7
   External displacement .............................................................................................. 10
   Developed countries of destination ......................................................................... 14
IV The political costs in receiving states ........................................................................ 15
   Developed countries ................................................................................................. 15
   Developing countries ................................................................................................. 18
V The impact of multilateralism ..................................................................................... 19
VI Conclusion ............................................................................................................... 21
Bibliography ............................................................................................................... 23

UN/DESA Working Papers are preliminary documents circulated in a limited number of copies and posted on the DESA website at https://www.un.org/development/desa/publications/working-paper to stimulate discussion and critical comment. The views and opinions expressed herein are those of the author and do not necessarily reflect those of the United Nations Secretariat. The designations and terminology employed may not conform to United Nations practice and do not imply the expression of any opinion whatsoever on the part of the Organization.

Typesetter: Nancy Settecasi

UNITED NATIONS
Department of Economic and Social Affairs
UN Secretariat, 405 East 42nd Street
New York, N.Y. 10017, USA
e-mail: undesa@un.org
https://www.un.org/development/desa/
Introduction

Migration has always been part of the human experience. In the 21st century, migration has become an important part of economic globalization and closely related to countries’ development process, including the demographic transition. As national income per capita of a country rises, and people have access to better health services, the population size tends to increase thanks to declining mortality rates. The growth in the population, combined with dislocations in the rural labour force linked to modernization of agriculture often spurs widespread urbanization and emigration. With accelerating development, fertility rates frequently decline, population growth slows down and eventually stabilizes, the pace of urbanization declines, and emigration becomes less common than immigration. Thus, the propensity for emigration tends to rise and then fall as countries become more developed, reflecting the impact of development on migration patterns and trends (UN DESA, 2017a).

Between 1846 and 1939, some 59 million left Europe, mostly for the Americas, Australia, New Zealand and South Africa. In the 1820 to 1998 period, some 65 million immigrants came to the United States alone (Castles et al., 2005). In 1850, the United States was home to some 23 million people, 13 million fewer than France. Today, the United States population is close to 330 million, larger than the British, Dutch, French, German and Italian populations combined. Between 1990 and 2015, the United States generated almost all the population growth for the ‘more developed regions’, as defined by the United Nations. Recent United Nations predictions also suggest that the same trend will continue until 2040 (Eberstadt, 2019).

There has also been a marked shift in migration patterns since World War II, particularly the decline of Europe as the region of origin into becoming, along with the Gulf countries, a key destination. This reflects the directional shift that has taken place, with migrants from an increasingly diverse array of non-European countries concentrating in a shrinking pool of prime destination countries (Czaika and de Haas, 2015). As of 2019, the number of international migrants worldwide was nearly 272 million, constituting 3.5 percent of the world population (UN DESA, 2019). Some 30 per cent of international migrants currently live in Europe.

Most migrants move voluntarily within and across national borders, as highlighted above. However, not all such movements are voluntary, with conflicts, poverty, inequality, natural disasters and climate risks also forcing people to migrate in an ever-increasing number. The “push factors” behind forced displacement are also changing. Displacement, in some instances, may be part of a household’s livelihood strategy due to fluctuating income resulting from climatic vagaries (de Haas, 2010).

In 2015, Europe experienced sudden arrival of large number of refugees and migrants fleeing conflicts in Syria and several other developing countries. It is estimated that some 3.3 million people sought asylum in Europe in the 2015 to 2017 period alone. The 2015 European Refugee Crisis upended the political system on the continent and contributed to marked decline in public confidence in the ability of states to uphold multilateral agreements in this area. The first casualty of the refugee crisis was the collapse of regional migration governance as some states opted not to comply with the Dublin Regulation. The political costs of the large inflows of refugees and asylum-seekers that took place within a short timespan have also been significant as demonstrated in the sharp rise in anti-immigration sentiments and support for populist parties in many European countries.

The adoption of the Global Compact on Refugees and the Global Compact for Migration by the General Assembly in December 2018 was thus a rare ray of light for multilateralism. This is important as migration will undoubtedly continue to be one of the defining issues of the 21st century – an issue that cannot be resolved within fortified national silos but requires effective multilateral cooperation.
The purpose of this paper is threefold: firstly, to examine the economic costs that developing and developed countries incur when providing care for large number of internally- and externally-displaced people and the likely impact of such outlays on SDG implementation, secondly, to review the underlying reasons for the high political costs of the 2015 European Refugee Crisis and what this could mean for the future of multilateralism, and, thirdly, to suggest steps that states could take to build on the current nascent migration governance architecture.

II Population displacement: internal and external

Two terms are particularly important when it comes to reporting on migration. A migration stock is the number of migrants living in the world at a given point in time, generally the end of the year. Migration flows are the number of migrants entering or leaving a country or region during a specified period-of-time, e.g. over 1, 5 or 10 years. This paper focuses particularly on one component of migrants, i.e. displaced people, or those that are either internally- or externally-displaced. According to the United Nations High Commissioner for Refugees, an internally-displaced person (IDP) has not crossed border to find safety. Unlike refugees, they are on the run at home. An externally-displaced person, on the other hand, is either a refugee or an asylum-seeker. A refugee is someone who has been forced to flee his/her country in order to escape war, persecution, or natural disaster. An asylum-seeker is a person who has left his/her country as a political refugee and is seeking asylum in another country.

Table 1 shows the stock of internally-displaced people, refugees and asylum-seekers at the end of 2003, 2015 and 2018. In this 15-year period, the stock of IDPs increased from 4.2 to 41.3 million, or by a factor of 10, and refugees and asylum-seekers combined from 10.7 to 29.4 million, or by a factor of almost 3. The total stock of displaced people in the 15-year period thus increased from 14.9 million to 70.7 million, or by a factor of nearly 5.

Table 1
Stock of migrants and displaced people at year-end (in millions)

<table>
<thead>
<tr>
<th>Key components</th>
<th>2003</th>
<th>2015</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internally-displaced people</td>
<td>4.2</td>
<td>40.8</td>
<td>41.3</td>
</tr>
<tr>
<td>Externally-displaced: refugees</td>
<td>9.7</td>
<td>21.3</td>
<td>25.9</td>
</tr>
<tr>
<td>Externally-displaced: asylum-seekers</td>
<td>1.0</td>
<td>3.2</td>
<td>3.5</td>
</tr>
<tr>
<td>Total number of displaced people</td>
<td>14.9</td>
<td>65.3</td>
<td>70.7</td>
</tr>
</tbody>
</table>

Source: Author compilation based on IDMC and UNHCR reporting.

The key trends in different components of population displacements are further discussed below.

Internal displacement

Almost all internally-displaced persons remain in developing countries. The stock of IDP’s in developing countries was 41.3 million at the end of 2018, as shown in Table 1 (UNHCR, 2019). Colombia was the country with the largest number of IDPs (7.8 million), mostly displaced between 1995 and 2008, followed by the Syrian Arab Republic (6.2 million); Democratic Republic of Congo (4.5 million); Somalia (2.6 million); Ethiopia (2.6 million); Nigeria (2.2 million); Yemen (2.1 million); Afghanistan (2.1 million); South Sudan (1.9 million); and Sudan (1.9 million). These ten countries accounted for some 34 million of the 41.3 million IDPs, or 82 per cent, at the end of 2018.
Figure 1 shows for comparison the flows of internally-displaced people in the 2008 to 2018 period. As can be seen from Figure 1, disasters, particularly climate-related events, have been an important driver of internal displacement of people in this 10-year period. The role of conflicts as a driver of internal displacement has also been growing over time. According to Figure 1, the total flow of internally-displaced people in the 10-year period was some 345 million people, of which 28.1 million sought safety within their own country in 2018 alone. The total flow of new internal-displacements in the 2015 to 2018 period was 117.5 million, of which 79.4 million and 38.1 million were disaster- and conflict-related respectively. Of the 79.4 million new disaster-induced displacements some 90 per cent were climate-related.

Figure 1
Internal displacement of people: 2008 – 2018 (in millions)


**External displacement**

Whereas climate-related factors are the main driver of internal displacement, violent conflicts remain the primary reason for external displacement. The global stock of refugees and asylum-seekers increased from 24.5 million to 29.4 million between 2015 and 2018, the highest level ever recorded, as shown in Table 1 (UNHCR, 2019). The total stock of refugees in 2018 was 25.9 million, of which 20.4 million and 5.5 million were under the mandates of UNHCR and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), respectively. At the end of 2018, about 3.5 million asylum-seekers were also waiting for a decision on their application.

Some 82 per cent of the 20.4 million refugees under UNHCR’s mandate came from just 10 countries, all of which are classified as least-developed countries (LDCs), with-the-exception of Syria. The largest source country of refugees remains Syria, where 6.7 million people have been forced to leave since the start of the civil war in 2011, of whom approximately 1 million moved to Europe and nearly 6 million to neighbouring

---

1 These are, in order: Syrian Arab Republic, Afghanistan, South Sudan, Myanmar, Somalia, Sudan, Democratic Republic of the Congo, Central African Republic, Eritrea, and Burundi (UNHCR, 2019).
countries (see Box 1). At the end of 2018, there were also 2.7 million Afghan refugees, most of whom had fled to Turkey; 2.3 million refugees from South Sudan, who had primarily moved to Sudan and Uganda; 1.1 million Rohingya refugees from Myanmar who are based in Bangladesh; and 0.9 million Somali refugees, mainly residing in Ethiopia. In 2018, for the first time, Venezuela dominated global asylum statistics, with 341,800 claims submitted, accounting for 1 out of 5 new claims, mostly recorded in Colombia and Peru. Of the 20.4 million refugees under UNHCR’s mandate, the top ten hosting countries, hosting 17.1 million (about 84 per cent), of the total, are developing countries, with the exclusion of Germany. The LDCs have also provided asylum to one-third of the total, or 6.7 million refugees (UNHCR, 2019).

**Climate-induced population displacement**

Figure 1 shows that in five of the ten years, namely 2008, 2010, 2012, 2013 and 2016, natural disasters, which are overwhelmingly climate-related, have driven more than 20 million people away from their homes. Climate-related effects, either by directly posing threat to human life and security, or by exacerbating existing conflict drivers such as poverty, food and livelihood insecurity, resource scarcity, and poor governance, can compel people to move (Koubi, 2019). A new World Bank study, *Groundswell* (2018), argues that climate change migration will continue to involve significant internal displacement of people and mostly affect developing nations. Focusing on Sub-Saharan Africa, South Asia and Latin America, the study considers slow-onset effects of climate change and finds that if no action is taken, 143 million people in these three regions alone could become internally-displaced by 2050. Climate change can also create “hotspots” of climate in- and out-migration, as people migrate from less viable areas with lower water availability and crop productivity and areas affected by rising sea levels and storm surges. This trend, according to the *Groundswell* study, could have disproportionate impacts on the most vulnerable people living in the poorest countries, further exacerbating inequalities both within and between nations.

The Intergovernmental Panel on Climate Change expressed the view already in 1990 that the greatest single impact of climate change could be on human migration, with millions of people displaced by shoreline erosion, coastal flooding and agricultural disruption (IOM, 2008). However, with so many other factors at work, it is difficult to establish a clear causal relationship between climate change triggered by human activities and population displacement. The World Bank study mentioned above (*Groundswell*) concluded that slow-onset effects of climate change such as sea level rise, ocean acidification, desertification, land and forest degradation and loss of biodiversity, could result in major internal dislocation of people in three sub-regions by 2050. However, predicting the future flows of climate migrants is challenging because of the many uncertainties involved, not-the-least the difficulty of estimating CO₂ emissions in the long run. But, if countries do not address the climate threat in a timely manner, migration pressures in many developing countries are likely to increase.

The question is whether migration should be considered an ‘adaptation strategy’ to climate change. Temporary migration in response to climate stress, in fact, is already happening in different parts of the world. In the Pacific Islands, for example, sea level rise has already forced people to migrate to other countries. In Mexico, some farmers use migration across the border to work temporarily in the agricultural sector in the United States as a safety net against droughts. In many other developing countries, villagers move from one area to another because of a changing water situation. In these circumstances, migration serves as a survival strategy.

More recently, qualitative studies have assessed the role that climate effects have played in migration from Central America to the United States border. These studies reveal that an increasing number of migrants from Guatemala, Honduras, and El Salvador, who are dependent on agriculture for their livelihoods are migrating due to climatic conditions. The World Food Programme found that El Niño drought conditions which
began in 2014 caused a significant increase in irregular migration to the US border (WFP, 2017). A survey conducted by the International Organization for Migration which interviewed people from a migrant caravan arriving at the border in Tijuana, Mexico in 2018, of which 72 per cent were from Honduras, also found that the majority were agricultural farmers fleeing for food security-related reasons, invariably linked to climate change-induced drought (IOM, 2018).

Climate-induced migration, at the same time, doesn’t come without risks. For example, it may increase the likelihood of conflict by contributing to resource scarcity in urban centres and provoking ethnopolitical concerns (Koubi, 2019). In the Lake Chad Basin region, for example, climate-induced migration has been identified as a key factor behind the ongoing conflict in the area. Lake Chad, which offers a lifeline to nearly 40 million people in Cameroon, Chad, Niger and Nigeria, has decreased by 90 per cent in the last 60 years due to over use of water and climate change impacts (UNEP, 2018). While herders and farmers lived harmoniously in the region in the 1960s, food insecurity heightened by drought resulted in forced migration of traditional herdsmen, raising tension between various groups as they encroached upon farmland.

III The economic costs of population displacement

This section reviews the direct economic impacts of internal and external population displacement in developing and developed countries and what these costs could mean for the ability of governments to support the implementation of the Sustainable Development Goals, which were adopted by the General Assembly in September 2015.

Internal displacement

Research on large-scale internal displacement has long demonstrated the devastating consequences it can have for displaced people, including their dependents, hosting areas, communities of origin, as well as the society as-a-whole (IDMC, 2019a). These impacts can damage the wellbeing of internally-displaced people but also limit their ability to contribute to the economy while generating specific needs that must be paid for by the IDPs, hosting communities, governments, or other aid providers.

In a February 2019 report, the Internal Displacement Monitoring Centre has estimated the average annual direct economic costs of an internally-displaced person as $310, based on case studies in eight developing countries (IDMC, 2019a). This includes the costs and losses associated with internal displacement on five dimensions: health, shelter, education, security and livelihoods. The IDMC considers the above $310 average figure to under-estimate the economic impacts of internal displacement, covering only a fraction of these costs. The eight countries were selected because they had recently been affected by significant internal displacement in the context of conflict, disasters, or combination of both. They range from low to upper middle-income countries and provide a cross-section of conditions in which large-scale displacement crises can take place. Five of them were low-income countries as defined by the World Bank (Central African Republic, Haiti, Somalia, South Sudan, Yemen). The average annual economic impacts associated with internal displacement in the eight countries ranged from less than 1 per cent to 11 per cent of their pre-crisis GDP, mostly depending on the number of IDPs and the severity of the crisis, according to the 2019 IDMC study. A simple average of the annual economic impacts associated with internal displacement in the five low-income countries was 4.8 per cent of their pre-crisis GDP. This percentage highlights the financial burden that internal displacement represents at the national level beyond its impact on IDPs and hosts.

2 Central African Republic, Haiti, Libya, the Philippines, Somalia, South Sudan, Ukraine and Yemen.
The direct economic impacts of internal displacement were also significant when measured against government expenditures on health in the five low-income countries mentioned above, according to the above IDMC study. In 2015, these expenditures accounted for 170 per cent of government expenditures on health in the Central African Republic; more than 50 per cent in South Sudan; and about 30 per cent in Yemen. In Haiti, the direct economic impacts were more than 160 per cent of government health expenditures in 2010, but lower in subsequent years (IDMC, 2019a).

In low-income countries, significant internal population displacement is likely to affect most, if not all, the SDGs. IDPs, for example, are often the poorest in their respective countries having to leave their work and belongings behind. They are also often subject to discrimination and other inequalities in host communities. The camps in hosting areas may also provide IDPs with limited access to adequate water, sanitation and energy services. Displaced children may also be out of school for an extended time period and receive lower quality education. Lack of infrastructure in many temporary settlements, furthermore, is similarly likely to affect the quality of life for women and increase the risk of gender-based violence. IDPs, moreover, often face significant food security challenges in hosting areas. In some countries, in addition, IDPs have been a source of peace and security-related challenges in hosting areas, including the target of recruitment by armed groups. Such security-related risks are often significant, but difficult to quantify in economic terms.

Many of these direct and indirect impacts of internal population displacement were highlighted in the National Voluntary Reviews of Afghanistan and Nigeria to the United Nations High-level Political Forum in 2017. Afghanistan, for example, stressed that as the country’s conflict intensified and spread throughout the national territory, internal displacement reached a new high, further exacerbating the structural poverty and work challenges that Afghan households faced. The IDPs also often moved to the major cities of Afghanistan, which contributed to increased poverty and other social challenges in those areas. Nigeria also emphasized that internal population displacement caused by conflicts in the northern areas of the country had been a major obstacle to the achievement of the SDGs e.g. when it comes to education of girls. In response to these challenges, the Government of Nigeria had decided to include displaced populations in national policies on development.

Capturing all the direct and indirect impacts that internal displacement has on IDPs themselves, including their dependents, hosting areas, places of origin, and society as-a-whole, is thus a complex methodological challenge. These multiplier effects on different actors at different geographical levels further complicate the assessment of the overall impacts of internal population displacement on the implementation of the SDGs. However, this impact on the IDPs themselves and their dependents, hosting areas, places of origin, and the society as-a-whole, are likely to be significant and affect SDG implementation, as evidenced in the above cases of Afghanistan and Nigeria.

In addition, many low-income countries facing significant internal population displacement suffer from weak governments, conflicts and other structural challenges that by themselves make the realization of the SDGs highly challenging. Internal population displacement, in some instances, may be just one manifestation of such structural problems facing a country.

In the assessment of the impacts of internal population displacement on the implementation of the SDGs, it is difficult to distinguish in a meaningful way between the effects of weak governments, conflicts and other structural factors and the costs imposed on the IDPs and their dependents, hosting areas, places of origin, and society as-a-whole. However, such costs are likely to be materially significant and impact the implementation of the SDGs in the respective low-income countries.

To better illustrate these impacts, the paper focuses on the direct economic costs of internal population displacement based on the findings of the above-cited IDMC study.
In the decade between 2008 and 2018, for example, some 345 million people were internally-displaced, as shown in Figure 1, at estimated direct economic costs of about $107 billion, borne overwhelmingly by developing countries. The estimated direct economic costs of caring for the 89.5 million internally-displaced people in the 2015 to 2017 period is at least $29 billion. For the 47 developing countries with new internal displacements larger than 100,000 in the 3-year period and which accounted for 79 million IDPs, the estimated direct economic costs were thus $25 billion, with Table 2 providing breakdown by three income groupings: low-income, lower middle-income and upper middle-income countries.

Table 2
Developing countries with new internal displacements larger than 100,000 in the 2015 to 2017 period: estimated economic costs; 47 countries

<table>
<thead>
<tr>
<th>Income grouping (# countries)</th>
<th># New internal displacements 2015 – 2017 (million)</th>
<th>Estimated economic cost ($billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-income countries (17)</td>
<td>23.2</td>
<td>7.2</td>
</tr>
<tr>
<td>Lower middle-income countries (17)</td>
<td>32.1</td>
<td>10.0</td>
</tr>
<tr>
<td>Upper middle-income countries (13)</td>
<td>23.7</td>
<td>7.4</td>
</tr>
</tbody>
</table>

Source: Author compilation based on IDMC (Global Report on Internal Displacement 2019).

Low-income countries, according to the World Bank, have a gross national income per capita of less than $1,026. As shown in Table 2, the 17 low-income countries accounted for 23.3 million internally-displaced people in the 2015 to 2017 period, or nearly 1.4 million IDPs on average. This group of 17 low-income countries included the Syrian Arab Republic, Democratic Republic of Congo, Nepal, Yemen, Ethiopia, Afghanistan, Somalia and South Sudan. In 2017, the total Gross Domestic Product of the 17 low-income countries was some $323 billion. The estimated direct economic costs of caring for IDPs in the 17 low-income countries in the 2015-2017 period, in comparison, were $7.2 billion, or $2.4 billion annually on average, using the $310 average figure used in the IDMC study. This should be considered a conservative estimate of these costs, as discussed above.

The OECD has estimated that low-income countries spend on average some 9.3 per cent of GDP on the social sectors (Haile and Nino-Zarazúa, 2018). This would equate to some $30 billion annually in the 17 low-income countries that had more than 100,000 internally-displaced people in the 2015-2017 period. The direct economic costs of caring for the IDPs in these countries ($2.4 billion) were thus equivalent to about 8 per cent of total social expenditures, as estimated by the OCED. This percentage would be significantly higher if limited to government expenditures on the social sectors only, as many low-income countries receive considerable official development assistance from donor states and individuals also incur large out-of-pocket expenditures when in need of such services. WHO, for example, has estimated that low-income countries spent on average some 6.3 per cent of GDP on health in 2017, of which governments accounted for 24 per cent only (WHO, 2019), which in the 17 LICs would have amounted to nearly $5 billion. This means that the estimated $2.4 billion direct economic costs of caring for IDPs in the 17 low-income countries in 2017 amounted to nearly half of all government expenditures on health.

The direct economic costs of caring for internally-displaced people are also significant when compared to expenditures on education in the 17 low-income countries that had more than 100,000 IDPs in the 2015-2017 period. According to the 2019 Global Education Monitoring Report of UNESCO, the global annual education expenditures by governments is estimated at $4.7 trillion, of which 0.5 per cent is spent in low-income countries, or $23.5 billion. If the share of the 17 LICs which had more than 100,000 IDPs in the 2015-2017 period was proportional of this amount, it would come to about $8.5 billion annually spent on education. The direct economic costs of caring for IDPs in the 17 LICs would thus have amounted to more than 28 per
cent of government expenditures on education. In most low-income countries, households also bear the bulk of the cost of education. In Uganda, for example, households account for 63 per cent of total educational spending in the country, amounting to 3.9 per cent of GDP, according to the above UNESCO report. In most developed countries, on the other hand, the contributions of households are less than 1 per cent of GDP.

For the 17 low-income countries that cared for more than 100,000 IDPs in the 2015-2017 period, the high direct economic impacts by themselves and without other indirect costs included and discussed above, are thus significant when compared against expenditures of governments on health and education, two social sectors of great importance for SDG implementation. In the case of health, the direct economic costs of IDPs to the 17 LICs amounted to nearly half of governments expenditures and in the case of education close to 30 per cent, as mentioned above. While the average annual direct economic costs of caring for an internally-displaced person have been conservatively estimated as $310 by the Internal Displacement Monitoring Centre, as mentioned earlier, these figures may vary considerably across countries. In the case of the Central African Republic, for example, the direct economic costs of caring for IDPs were estimated in the 2019 IDMC study to have amounted to nearly 11 per cent of the country’s GDP in 2017 (IDMC, 2019a).

The high direct economic costs of caring for large number of internally-displaced people, along with other significant indirect costs, which are often difficult to quantify, as discussed above, in most likelihood have negatively affected the ability of the 17 low-income countries to invest in SDG implementation, including in the key areas of health and education. These high direct economic costs also highlight the benefits of investing in the development of effective early warning systems to better anticipate and plan for projected large-scale population displacement, particularly in low-income countries.

As also shown in the 2018 SDG Trend Dashboard published by the Global Sustainable Development Solutions Network, those of the 17 LICs suffering to the greatest extent from internal population displacement in the 2015 to 2017 period, were found to be most off track in realizing the SDGs. Of the 8 low-income countries mentioned above (Syrian Arab Republic, Democratic Republic of Congo, Nepal, Yemen, Ethiopia, Afghanistan, Somalia and South Sudan), all with IDPs in excess of 100,000 in the 3-year period, none was on track in realizing either SDG3 (health) or SDG4 (education). In fact, six of the eight LICs did not have sufficient information to enable the 2018 SDG Trend and Dashboard Report to assess progress on the education goal (SDG4). Progress on SDG3 (health) had also stagnated in three of the eight LICs (Yemen, Democratic Republic of Congo and Somalia). Nepal, Afghanistan, Ethiopia, South Sudan and Syrian Arab Republic, on the other hand, were moderately increasing progress on SDG3 (health). Although many of these countries also suffer from weak government, conflicts and other structural challenges, the high direct economic costs of displacement on IDPs and their dependents, hosting communities, places of origin and society as-a-whole, are likely to be material and impact their ability to invest in SDG implementation.

In the 2019 Sustainable Development Report of the Global Sustainable Development Solutions Network, the performance of the 8 LICs in achieving SDG3 (health) and SDG4 (education) had also further worsened. In 7 of the 8 countries (Afghanistan, Yemen, Democratic Republic of Congo, Ethiopia, Somalia, South Sudan and Syria Arab Republic), the progress in realizing SDG3 (health) was considered to have stagnated. Six of the eight countries also continued to suffer from lack of information to assess progress on the education goal (SDG4).

**External displacement**

As shown in Table 1, the total number of refugees at the end of 2018 was 25.9 million, of which 20.4 million and 5.5 million were under the mandates of the United Nations High Commissioner for Refugees (UNHCR) and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA),
respectively. Some 84 per cent of refugees, or 21.7 million, were hosted by other developing countries, with 4 of every 5, living in a neighbouring country (UNHCR, 2019). In Jordan and Lebanon, 1 in 3 and 1 in 4 of the national population were refugees, respectively. One-third of refugees under UNCHR mandate, or 6.7 million, were hosted by least-developed countries in 2018.

In 2018, Turkey, for the fifth consecutive year, hosted the largest number of refugees worldwide, or 3.7 million including those coming from Syria. Many other developing countries are also hosting a large refugee population: Pakistan (1.4 million); Uganda (1.2 million); Sudan (1.0 million); Lebanon (1.0 million); Islamic Republic of Iran (1.0 million); Bangladesh (0.9 million). While the majority of Venezuelans do not have refugee status, many developing and emerging economies in Latin America are hosting large numbers of displaced Venezuelans and Venezuelan asylum-seekers, including Colombia (1.2 million); Peru (0.7 million); and Ecuador (0.3 million) (UNHCR, 2019).

Table 3 shows the 7 countries that accounted for 10.2 million, or half, of the 20.4 million refugees under the mandate of UNHCR at the end of 2018. Three are classified by the World Bank as upper middle-income countries (Turkey, Lebanon and Iran); three as lower middle-income countries (Pakistan, Sudan and Bangladesh); and one as a low-income country (Uganda). Using the estimated $310 average annual direct economic costs for caring for an internally-displaced person to gauge the impact of the 10.2 million refugees would result in nearly $3.2 billion for the seven developing countries. As shown in Table 3, Turkey bore more than third of the total estimated direct economic costs of hosting refugees in the seven countries in 2018, or some $1.2 billion. For the least-developed countries, which hosted 6.7 million refugees in 2018, the estimated direct economic costs were nearly $2.1 billion.

Table 3 shows that for five of the seven major hosting countries, the annual direct economic costs of caring for refugees were significant when compared against government expenditures on health and education. Only in Turkey and Iran would the direct economic costs of hosting refugees appear to be less significant when compared against public expenditures on health and education. In Uganda, for example, the estimated annual direct economic costs of hosting refugees amounted to more than 50 and 40 per cent of the government expenditures on education and health respectively. In Sudan, these costs amounted to 36 and 23 per cent of government expenditures on education and health respectively. And in Lebanon, refugee costs amounted to 24 per cent of public spending on education, while in Bangladesh, this ratio was about 25 per cent.

Table 3
Developing countries hosting large number of refugees

<table>
<thead>
<tr>
<th>Country &amp; income group (as of 2018)</th>
<th># Refugees (million, 2018)</th>
<th>Annual direct economic cost of refugees ($million)</th>
<th>Government spending on health ($million)</th>
<th>Government spending on education ($million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey (UMIC)</td>
<td>3.7</td>
<td>1,200</td>
<td>27,000</td>
<td>37,000</td>
</tr>
<tr>
<td>Pakistan (LMIC)</td>
<td>1.4</td>
<td>435</td>
<td>950</td>
<td>9,100</td>
</tr>
<tr>
<td>Uganda (LIC)</td>
<td>1.2</td>
<td>375</td>
<td>900</td>
<td>687</td>
</tr>
<tr>
<td>Sudan (LMIC)</td>
<td>1.0</td>
<td>310</td>
<td>1,370</td>
<td>817</td>
</tr>
<tr>
<td>Lebanon (UMIC)</td>
<td>1.0</td>
<td>310</td>
<td>1,840</td>
<td>1,300</td>
</tr>
<tr>
<td>Iran (UMIC)</td>
<td>0.9</td>
<td>280</td>
<td>2,900</td>
<td>1,100</td>
</tr>
<tr>
<td>Bangladesh (LMIC)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author compilation and estimation based on various sources.
Overall, the direct economic costs that five of the seven major hosting countries have incurred in caring for refugees appear to be material and thus likely to have impacted their ability to invest in SDG implementation. This impact can also be gauged by reviewing the findings of the 2019 Sustainable Development Report published by the Global Sustainable Development Solutions Network. Of the seven major refugee hosting countries, six were not on track in realizing either SDG3 (health) or SDG4 (education). Only Turkey was on track in realizing SDG4 (education). Uganda and Bangladesh were moderately increasing progress on SDG3 (health) but lacked data to assess their achievement on SDG4 (education). For Lebanon, progress was decreasing on SDG4 (education) and only moderately increasing on SDG3 (health). Pakistan and Iran were moderately increasing progress on both SDG3 (health) and SDG4 (education). Turkey was on track in realizing SDG4 (education), as mentioned above, but only moderately increasing progress on SDG3 (health).

Although it may be difficult to attribute the lack of SDG progress on health and education on high direct economic costs of caring for refugees only, they are undoubtedly making it more difficult for some of the major refugee-hosting countries to realize the two goals. Analysis by other organizations also supports this assessment. For example, according to the Overseas Development Institute, 12 of the 15-top refugee hosting countries are fragile and conflict-affected states as defined by the OECD and the World Bank. Only 18 per cent of fragile and conflict-affected states, according to the ODI, are ‘on track’ in achieving SDGs 1-7 and SDG 11, by 2030. ODI also predicts based on current trends that deprivation and unmet basic needs will increasingly be concentrated in fragile and conflict-affected states. At present, for example, about 71 per cent of people in low- and middle-income countries who lack electricity are in fragile and conflict-affected states. This share is projected to increase to 96 per cent (about 407 million people) by 2030.

With the high share of refugees and IDPs concentrated in countries in complex situations, governments and the international community will have to extend their services to ensure that their basic needs are met. Countries in complex situations, however, already struggle from overstretched resources and reduced official development assistance from the international community.

As a result, many displaced persons find themselves in situations of ‘double marginalization’ as their needs continue to be unmet in hosting developing states. Refugee children, for example, are five times more likely to be out of school than their native peers (UNHCR, 2016). Limited or non-existent access to education not only decreases the potential of displaced persons to become productive members of society, but also hampers national economic prospects. Limited access to adequate health facilities for refugees and IDPs also increases the likelihood of communicable diseases spreading throughout the population, which could lead to reversal of outcomes on SDG3. These forecasts suggest that fragile states and displaced populations will be farther from achieving the SDGs in 2030 than they are today (ODI, 2018).

On the other hand, refugees can also contribute positively to the economy and society of receiving developing countries in the form of investment, entrepreneurship, and creation of new businesses (Alix-Garcia & Saah, 2010; Taylor, et al., 2016). The inflow of Syrian refugees in Turkey, for example, has had positive wage impact on local citizens in formal employment, with female workers particularly benefiting. This has allowed for occupational upgrading of Turkish workers in the formal sector, while for women there was an increase in school attendance (Caprio & Wagner, 2015). It is estimated that Syrian refugees invested $334 million in the Turkish economy between 2011 and 2017, with more than 10,000 new businesses created, employing on average 9 native workers (Building Markets, 2017). At the same time, the large influx of refugees has increased rent prices and job competition in urban areas, which has raised the unemployment rate among locals and created tension between the respective groups, especially as the economy has slowed down. Box 1 briefly discusses the costs and benefits of hosting refugees in Turkey, Lebanon, and Jordan.
Box 1
The approach of Turkey, Lebanon and Jordan to integrating Syrian refugees

Turkey, Lebanon, and Jordan host the largest numbers of Syrian refugees in the world, or 3.6 million, 1 million, and 660,000, respectively (Kumar et al, 2018). Hosting so many refugees has placed huge economic strain on all three countries. Syrian refugees at the same time have contributed to economic growth through innovation, trade, and entrepreneurship.

Turkey is party to the 1951 Refugee Convention, but those fleeing from outside of Europe are only granted temporary protection status (Dereli 2019). Lebanon is not a signatory to the 1951 Refugee Convention but has adopted an open-door policy whereby registered Syrian refugees can live and work in the country. However, Lebanon introduced new residency regulations in 2015 that many refugees have been unable to comply with (Human Rights Watch, 2017). Jordan is also not party to the 1951 Refugee Convention but maintained an open border policy between 2011-2014. In 2016 following an attack by the Islamic State, Jordan closed its remaining border crossings and adopted a policy of deterrence (Hargrave, Pantuliano, & Idris, 2016). In Lebanon, the Government has officially banned refugee camps. While Turkey and Jordan continue to have official refugee camps, most Syrians have moved into informal settlements in cities, where opportunities are greater.

In Turkey, a country with rising general unemployment rate (13 per cent in 2017) (Carpio et al., 2018), the presence of Syrians within the informal sector has resulted in wage deflation and contributed to rise in job competition with natives, which has ignited friction with locals (Icduygu 2015). In Lebanon, Syrians are restricted in which sectors they can work, namely construction, waste management, agriculture and other lower-income sectors (Chehayeb 2018). In Lebanon, the high unemployment rate and the fact that the first waves of Syrians took unskilled jobs at only 2/3 of the minimum wage has created animosity with natives (Eldawy 2018). In Jordan, employment restrictions have resulted in the-majority-of Syrians working in the informal sector (Stave & Hillesund, 2015) contributing to rising unemployment rates for Jordanians from 14.5 per cent in 2011 to 18.5 per cent in 2017 (Yahya, Kassir, & El-Hariri, 2018). In all three countries, Syrian’s presence in urban centres has also contributed to rent increases. In Jordan, for instance, the housing sector experienced inflation between 100 and 200 per cent in 2015 because of the Syrian presence, while water scarcity increased to 40 per cent for Jordanian households (REACH Initiative 2015).

Despite these challenges, Syrian refugees have also spurred development processes within Turkey, Lebanon, and Jordan. In Turkey, Syrian refugees established 1599 new companies in 2015 up from 157 in 2012, while the share of Syrian companies in total foreign partnerships reached 23 per cent in 2015, up from 1.2 per cent in 2012 (Esen & Binalti 2017). In Lebanon, many Syrian entrepreneurs have created businesses that have enriched social bonds between the two groups in urban centres (Alexandre & Salloum, 2019). In Jordan, high amounts of international aid for refugee assistance received between 2012 and 2015 contributed to an increase in public investment and buoyed GDP growth (Francis, 2015).

Source: Author and research associate compilation based on UN DESA (Sustainable Development Outlook 2019).
Developed countries of destination

Developed countries have also been directly affected by large population displacement flows from developing nations in recent years. Between 2015 and 2017, more than 3.3 million externally-displaced persons escaping conflicts in developing countries, mostly in the Middle-East region, sought asylum in European Union states. Germany alone received nearly 1.5 asylum applications, while Sweden accepted the highest number of asylum seekers relative to its overall population of any country in the region. Eight EU countries: Germany, Italy, France, Sweden, Hungary, Austria, Greece, and the United Kingdom, each received more than 100,000 asylum applications in the 3-year period, totaling 2.86 million (see Table 4).

Table 4
EU countries receiving more than 100,000 asylum applications: 2015–2017

<table>
<thead>
<tr>
<th>Countries</th>
<th># asylum applications (2015-2017)</th>
<th>Share of population (2017) %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>1,445,000</td>
<td>1.8</td>
</tr>
<tr>
<td>Italy</td>
<td>335,000</td>
<td>0.6</td>
</tr>
<tr>
<td>France</td>
<td>260,000</td>
<td>0.4</td>
</tr>
<tr>
<td>Sweden</td>
<td>218,000</td>
<td>2.2</td>
</tr>
<tr>
<td>Hungary</td>
<td>210,000</td>
<td>2.1</td>
</tr>
<tr>
<td>Austria</td>
<td>155,000</td>
<td>1.8</td>
</tr>
<tr>
<td>Greece</td>
<td>123,000</td>
<td>1.1</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>115,000</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Source: Author compilation based on UN DESA (Sustainable Development Outlook 2019).

When asylum-seekers arrive in a destination country, they need shelter and accommodation, as well as provision for other basic needs, including schooling for their children. Upon granting of refugee status, they generally have access to the labour market. Immediate support for asylum-seekers, as well as education and training costs for refugees, require significant upfront investments by the hosting countries, which, in most instances, is charged in the first year to existing official development assistance budgets. The cost for processing and accommodating asylum-seekers for the first year is estimated around euros 10,000 per application but can be significantly higher if integration support is also provided during this period (OECD, 2017). For the 3.3 million asylum applicants in the 2015 to 2017 period in the 28 European Union member states, the estimated first-year processing and accommodation cost was some euros 33 billion.

Sweden, for example, spent euros 6 billion on hosting and integrating migrants in 2015, or 1.35 per cent of the country’s GDP. Box 2 discusses the effect of the 2015 refugee crisis on policy and politics in Sweden. In 2015, Germany received 900,000 asylum seekers and spent euros 16 billion (0.5 per cent of GDP) on hosting refugees that year (OECD, 2017). Germany expects to spend euros 78 billion on migration-related issues through 2022.

Despite the immediate hosting costs that refugees and migrants impose for developed countries of destination, the economic benefits of migration in the long-term have the potential to outweigh these expenditures if appropriate policies are put in place. Refugees and migrants for example can increase the population in ageing economies; fill critical labour gaps; raise incomes; and bolster growth through investment, entrepreneurship, and trade. Migrants and refugees also contribute through the payment of taxes and contributions to social security funds. The net fiscal effect of refugees on the economy is thus ultimately determined by how quickly and effectively they integrate into the labour market and start generating tax revenue. While refugees had an
immediate negative net effect on the German economy after 2015, even in a worse-case scenario will bolster GDP growth by 0.4 per cent by the year 2030 (Fratzscher and Junker, 2015). In the absence of refugees, economists have predicted that the German GDP growth would have declined due to its rapidly ageing population and diminished labour pool.

### IV The political costs in receiving states

#### Developed countries

Since 1945, migration policies in “Western” liberal democracies have become less restrictive overall, challenging commonly held assumptions. The period between 1945 and 1970 saw rapid liberalization of migration policies, followed by a deceleration process between 1970 and 1989, while more and less restrictive policies have since balanced each other out (de Haas et al, 2016). Entry and integration policies have generally become less restrictive, while border control and exit policies have become more restrictive. Policies targeting refugees and asylum-seekers have also become less restrictive in many Western states in response to rapid increases in intra-state conflicts in developing countries since the 1990s. However, the 2015 European Refugee Crisis made some Western governments undertake a major rethinking of existing migration policies.

In Europe, the sudden arrival of large number of refugees and asylum-seekers in 2015 triggered the intense politicization of migration and a sharp rise in support for anti-immigrant populist parties which led many governments to tighten their borders, implement restrictive immigration policies, and retreat from multilateral migration efforts. One implication of the large inflows of refugees and asylum-seekers in this period is that in number of countries populist parties that have long been marginalized have not only gained prominence but are increasingly accepted within mainstream politics; entering parliament; forming coalitions with ruling governments for the first time; and greatly influencing mainstream politics.

At the same time, established centre-left and centre-right parties are now on the decline, as new parties outside the established political corridor have gained greater prominence and public support. According to a study by the Tony Blair Institute and Harvard University, the populist vote in European Union states increased from 8.5 per cent in 2000 to 24.1 per cent in 2017, of which 17.7 per cent went to parties on the right in 2017. Between 2000 and 2017, the number of populist parties in Europe also doubled from 33 to 63 parties. In Eastern Europe, support for the populist right was particularly significant, with five out of every six populist votes being cast for such parties. In the debtor nations of Southern Europe and Lithuania, on the other hand, about three in four populist votes was cast for the far left.

According to Cas Mudde (2004), a leading expert on the subject, ‘populism’ is an ideology that considers society to be ultimately separated into two homogenous and antagonistic groups, the ‘pure people’ versus the ‘corrupt elite’, and which argues that politics should be an expression of the general will of the people. Populist leaders garner popularity by claiming that they represent the interests and values of the ‘people’, while the ‘elite’ represents special interests, the establishment, and globalism in general (ibid.). As such, populism occurs on both the left and right political spectrum.

The rise in political populism is often explained by two interrelated theories focusing on economic insecurity and cultural backlash (Norris and Ingelhart, 2019).

According to the economic insecurity perspective, anti-immigration sentiments and shifts in electoral behaviour, e.g. greater support for populist parties, can be linked to changes brought about by globalization, rising inequality, technological automation and collapse of manufacturing industry, global flows of labour,
goods and people, the erosion of organized labour, shrinking welfare safety nets and the adoption of austerity policies. These changes have created a new class of people who feel ‘left behind’ by economic globalization and turn to populist parties for solutions. Studies have also found that within countries, those who are lower-income earners relative to others in society, less educated, older, or have just experienced an economic shock, are more likely to vote for populist parties.

In Sweden, for instance, studies have found that lay-offs of native people following the 2009 financial crash led to increased support for a populist party, the Sweden Democrats, and that this effect was greater in areas where large number of low-skilled immigrants had moved (Dehdari, 2018). In the UK, one study found that within cities, people who lived in areas with deprivation in terms of education, income, and employment were more likely to vote leave in the Brexit referendum, regardless of their actual exposure to immigrants and refugees (Becker et al., 2017). While economic considerations are just one factor fuelling populism, research has shown that there is some correlation, as economic insecurity compels people to vote for populist parties, which often characterize immigrants as posing an economic threat (Luigi Guiso et al, 2018).

The cultural backlash perspective, on the other hand, explains rising nationalism as reaction against globalization and its various processes, including the perceived preference of elites for multiculturalism, cosmopolitanism and immigration as opposed to the nation.

According to Norris and Inglehart, “the tectonic plates of culture have shifted”, which is transforming the political landscape. As a result, segments of societies, particularly the old, lesser educated, white and rural, often feel pushed to the margin where once they were centre stage. In short, cosmopolitanism has captured the imagination of the elites but has failed to capture the imagination of most of the populace.

In a European context, Inga Schwarz has argued that the fault line between a European ‘us’ and a non-European ‘them’ has become mapped onto refugees, whose racialized bodies have become the ‘dominant category of ‘othering’ (Schwarz, 2016). Scholars have also noted that a larger cultural gap between native populations and migrants leads to higher levels of voter support for populist parties (Norris and Inglehart, 2019). The academic Alana Lentin, furthermore, argues that despite multiculturalism once being regarded as manifestation of post-racism, many political leaders like Angela Merkel in Germany have since rejected this concept.

In Sweden, long viewed as a model of cosmopolitanism, the large inflows of refugees and asylum-seekers in 2015 relative to its population, has since led to intense public debate about the impact of large migration flows on national identity in an increasingly polarized society (see Box 2). The Swedish experience also highlights the need to invest in effective integration of refugees and asylum-seekers in society. A 2018 survey by the Eurobarometer, for example, found that 73 per cent of Swedes think that integration efforts of refugees have not been successful; 61 per cent are on the view that immigrants worsen crime problems; and 58 per cent believe that immigrants are a burden on the welfare system. These are also issues that the populist party, the Sweden Democrats, has emphasized in national political debate. In early 2020, polls measured the Sweden Democrats as the most popular political party in the country, largely because of public concern about how the immigration issue had been managed.

The perception that migrants and refugees pose an economic, as well as cultural threat, has thus been a significant factor in bolstering support for populist parties in Sweden as most other European countries. The role of perceptions in influencing voting behaviour also helps explain why anti-immigrant sentiments and support for populism can be strong in areas that have generally received little net migration such as Eastern Europe, a region which has experienced declining unemployment since 2015 (Burgoon et al, 2018). Importantly, then, the rise of populist parties on the right may not mean that the presence of migrants and refugees necessarily leads to anti-migrant feeling, but rather that the presence or even the idea of migrants and refugees can stir-up
pre-existing feelings of inequality and insecurity and the atrophying of nation-bounded cultural identities that has accelerated in recent decades due to globalization processes.

The transnational perspective on migration and development also argues that the technological revolution has improved the capabilities of migrants to maintain strong ties with their countries of origin e.g. through remittances and social media, which has fostered ‘double loyalties’ and created disincentives for integration (de Haas et al., 2016). According to this perspective, migrants are also often the first to spot when trust in

---

**Box 2**

**The effect of the 2015 refugee crisis on policy and politics in Sweden**

During the height of the 2015 European Refugee Crisis, while several countries rebuked the Dublin Regulation by closing their borders or allowing refugees to pass through without proper registration, Sweden made the decision to permit asylum-seekers who had arrived in another state entry into the country on humanitarian grounds. In the 2015 to 2017 period, Sweden received 218,000 asylum applications, making it the largest recipient country of refugees relative to its own population of any country in Europe. Today, in what has historically been an incredibly homogenous society, around 20 per cent of the population is foreign born, with about half of that number made up of refugees and their family members (United Nations, 2019; OECD, 2016).

More than three years since these historic decisions, considerable progress has been made towards integration. Refugees in Sweden receive generous welfare benefits, including unemployment assistance, job and language training, and access to government-provided schooling, although access to services and monetary support has become more restricted in recent years. Sweden also has a fast track integration approach for refugees for 31 professions, which is based on a tri-partite cooperation between the government, trade union, and employers’ organizations. Studies have shown that participation in fast track programmes are increasing, with 3,540 people joining a fast track programme between January 2016 and March 2017. After 13-15 months, between 33 per cent (in the food industry) and 52 per cent (in the truck driving sector) had found employment (European Parliament, 2017).

However, various challenges remain. While refugees in Sweden have greater access to the labour market than any other EU state, unemployment rates hover around 20 per cent for the foreign-born in Sweden compared to 6.8 per cent for native Swedes. Indeed, Sweden has one of the highest gaps between immigrant and native employment rates of any OECD country (OECD, 2016) with foreign-born workers three times as likely to be unemployed. Sweden is also a highly-skilled economy, with only 5 per cent of its job market taken up by low-skilled work, creating a crowded and competitive work environment for those with less educational qualifications. With many Syrian refugees being highly educated, Sweden now faces the challenge of ensuring that they can utilize their skills and avoid “brain waste” as part of the integration challenge.

While Sweden remained exceptionally generous in the beginning of the 2015 European Refugee Crisis, the mainstream Social Democrat Party then asserted that Sweden needed a ‘breathing space’ from refugee reception, due to lack of an effective European-wide mechanism to evenly spread the burden of hosting them. Additionally, the historically marginalized Sweden Democrats saw an increase in support from 5.7 per cent in 2010 to 17.6 per cent in the 2018 General Election. Sweden went from having the most generous asylum laws in the EU to adopting the minimum level. Swedish authorities also imposed a temporary asylum law in 2016 that closed its border with Denmark, began granting time-limited residences rather than automatic permanent ones to many asylum-seekers, and introduced new restrictions on monetary support for failed asylum seekers and for family reunification. As-a-consequence, both the number of asylum applications and those accepted have dropped markedly.

**Source:** Author and research associate compilation based on UN DESA (Sustainable Development Outlook 2019).
governments and economic growth in their countries of origin start to take off and are thus likely to be among
the first to capitalize on such opportunities (ibid.).

Growing economic and cultural insecurities have also been projected onto regional and global institutions. A
study by the Economic and Social Research Council in the United Kingdom and the University of Oxford
found that people who voted to “leave” the European Union were strongly motivated by “immigration” and
“sovereignty” sentiments amid concerns that migration would threaten job security for natives.

**Developing countries**

The presence of migrants and displaced persons have also had political and social consequences on the de-
developing world. While international aid organizations typically house refugees in developing nations in ru-
rural camps, they are increasingly migrating to cities where livelihood and other opportunities are greater,
particularly as many camps are overcrowded, underfunded, and involve little chances of resettlement. In
Turkey, for instance, only 12 per cent of Syrians live in official refugee camps (World Bank, 2015), while in
Lebanon, many refugees live in informal settlements in urban areas rather than formal camps, which have
been banned by the government (Human Rights Watch, 2017). The international community and developing
host nations, however, are not well prepared to manage these directional shifts. In developing nations already
facing huge youth bulges, low job creation, and accelerating urbanization, intra-country and intra-regional
migration to urban centres has placed further strain on already over-stretched resources and complicated local
identities (Swain, 2019). In Turkey and Jordan, for instance, where many refugees reside in urban areas rather
than formal refugee camps, their presence has contributed to spikes in rent prices, contributing to housing
insecurity and fostering intercommunal tensions (REACH Initiative, 2015). In many African cities, migra-
tion-induced population growth within urban centres has also contributed to greater support for oppositional
protests-against ruling regimes (Swain, 2019).

While anti-immigration populist parties have not emerged in developing countries as in Europe (Adida,
2014; Crush & Ramachandran, 2010), there remains a strong and widespread sentiment against migrants in
many developing countries often rooted in economic and cultural concerns. In South Africa, for instance,
anti-immigrant violence has been explicitly linked to high unemployment rates in urban centres. Studies have
also found that prejudice towards migrants in South Africa is higher among the unemployed, low-skilled, and
less-educated (Harris et al, 2018). In the Ivory Coast, violence against immigrants escalated also following
political efforts to redefine Ivorian national identity in the post-colonial period. Following the introduction
of the concept of “Ivoirite” in the 1990s, which resulted in a new electoral code requiring candidates to be
Ivorians by birth and of Ivoirian parentage, and to have never taken the citizenship of another state, a wave of
anti-migrant violence, stoked by cultural anxieties, culminated in the exodus of thousands of migrant cocoa
V The impact on multilateralism

The adoption of the *Global Compact on Refugees* and the *Global Compact for Migration* in December 2018 was a milestone in the evolution of global migration governance. The adoption of the two compacts had been long time in the making but progress in forging consensus was undoubtedly accelerated by the impact of the 2015 *European Refugee Crisis* and the threat that sharp rise in anti-immigration sentiments and support for populist parties posed to multilateral cooperation, including the implementation of the 2030 Agenda for Sustainable Development. For the first time there was political will among Member States of the United Nations to consolidate and enhance migration governance at the global level. This required Member States, particularly the sending-receiving countries, to reconcile their divergent perspectives on the functions of global migration governance, something that had proven almost impossible to achieve for many decades.

The process leading to the adoption of the 2030 Agenda had also earlier played a role in furthering greater consensus among states on the relationship between migration and global development policy. This led the issue of migration being included in targets in Sustainable Development Goal 5 (gender equality), SDG 10 (reduce inequality within and among countries), SDG 16 (peace, justice and strong institutions) and SDG 17 (partnerships). The United Nations subsequently convened during the High-level Week of the General Assembly in September 2016 a Summit on Addressing Large Movements of Refugees and Migrants. The summit resulted in the unanimously-adopted *New York Declaration for Refugees and Migrants*, which mandated the development of the global compacts on refugees and migration in 2018.

The Global Compact for Migration was endorsed by 152 Member States, or nearly 79 per cent of the UN membership, through a vote in the General Assembly in December 2018. Forty-one states, however, did not endorse the Global Compact for Migration (5 against, 12 abstentions and 24 countries didn’t vote). The fact that forty-one states didn’t endorse the migration compact illustrates how much the political landscape had changed since Member States adopted the New York Declaration for Refugees and Migrants two years earlier.

The years preceding the adoption of the Global Compact for Migration and the Global Compact on Refugees had seen a near collapse of regional migration governance in Europe, a key destination region for most migrants and refugees. In Europe, the *2015 Refugee Crisis* not only resulted in the collapse of the Dublin Regulation, but also brought about number of restrictions to the European Union’s Schengen system of passport free-travel, one of the great achievements of regional integration (Swain, 2019). The Schengen Area, which includes 26 European countries in the European Economic Area, was established in 1995, with the aim of removing obstacles to trade and free movement of people by abolishing border controls and visa regimes between contiguous countries. An important objective of the Dublin Regulation was to establish the right of asylum-seekers to be processed in the first-country of arrival.

The collapse of the Dublin Regulation not only upended regional migration governance, but also resulted in marked decline in public confidence in the ability of states to uphold multilateral agreements in this area. A 2018 Pew Research Center survey, for example, found that 77 per cent of people in 10 European countries still supported taking in refugees fleeing war but were reluctant to do so because of lack of confidence in the ability of the European Union as an institution to equitably manage the refugee crisis.

Many European Union countries also adopted in the aftermath of the 2015 refugee crisis policies of ‘border externalization’, i.e. the transfer of border management to third countries in-order-to deter migrants and refugees from reaching Europe in the first place. This process accelerated following the Valletta Europe-Africa Summit in November 2015. Using new instruments, such as the European Union Emergency Trust Fund for Africa, the EU and individual states now channel funds and send troops to stop migration in its tracks in...
transit countries such as Libya, where a large majority of refugees and asylum-seekers pass through on their way to Europe (Akkerman, 2018).

The global commitment to the UNHCR’s resettlement programme has also been weakening following the 2015 European Refugee Crisis. While the number of refugees resettled through UNHCR’s resettlement programme increased slightly from 75,200 in 2017 to 81,300 in 2018, it was far short of the 2016 figure. The gap between resettlement spots and those in need of them, as a result, has widened to 90 per cent and continues to grow. UNHCR estimates in the agency’s 2019 annual report that 1.4 million refugees are-in-need of resettlement (UNHCR, 2019).

The United States was one of the countries that decided not to endorse the Global Compact for Migration in December 2018. Since early 2017, the United States has also tightened immigration rules to deter the migration of low-skilled workers from Central America and launched the construction of a wall on the country’s southern border, while withdrawing from number of other international instruments and institutions such as the Paris Climate Accord, the Iran Nuclear Agreement, the Trans-Pacific Partnership, UNESCO, the UN Human Rights Council, and most recently, the World Health Organization. Earlier this year, the United Kingdom also formally decided to withdraw from the European Union. As mentioned earlier, people who voted to “leave” the European Union in the June 2016 EU membership referendum had been strongly motivated by “immigration” and “sovereignty” sentiments amid concerns that migration would threaten job security for natives.

The erosion in the commitment of states to multilateral cooperation has also resulted in significant increase in intervening obstacles to reach traditional destination countries in developed regions such as Europe and the United States, which has led to a structural shift in international migration flows, in particular increasing South–South migration. In 2017, global migration flows between South–South countries officially surpassed those between South–North countries for the first time, accounting for 37 per cent of the total compared to 35 per cent by the traditional South–North routes (UN DESA, 2017a). An increasing number of displaced persons and migrants are also moving to urban centres within the developing world, placing even further strains on resources and creating additional challenges for developing countries, who continue to disproportionately host displaced persons as discussed earlier, to achieve the SDGs (Ibid.).

Major policy shifts in some key destination countries are thus making it more difficult for people to cope with economic or existential uncertainties through migration, heightening insecurities and widening inequalities for both communities at place of origin and migrants themselves. As the obstacles to migration in key destination states become more severe, migrants increasingly employ unsafe services such as human smugglers to deliver them to their intended destination, leaving them more vulnerable to human trafficking and other forms of exploitation and abuse.

According to the International Organization for Migration, 14,500 people have been recorded dead in the Central Mediterranean region since 2014, while the ratio of deaths to migrants increased from 1 in 88 migrants in 2016 to 1 in 36 migrants in 2017. This was due in part to panic over closing routes and borders in Europe, which prompted people to attempt to cross from the North African Coast to Europe even during seasons when sea conditions were notoriously bad. This not only has serious humanitarian consequences, but also represents a loss of valuable human and economic capital for countries of origin and destination. An increasing number of people have also been intercepted and returned to detention camps in transit nations in Northern Africa where United Nations bodies have reported significant human rights abuses.
The past few years have thus seen a confluence of factors such as growing backlash of the general public against economic globalization, increasing politicization of migration and population displacement and rising anti-immigration sentiments, contributing to greater influence of populist parties in national politics in many developed countries, particularly in the European region and most notably following the 2015 refugee crisis. The growing support for populist parties has often shifted the political discourse at the national level to greater focus on domestic policy priorities and away from issues of regional or global concern. This shift in political sentiments played an important role in the United Kingdom leaving the European Union and the United States withdrawing from multiple international institutions and instruments, while also launching the construction of a wall on the country’s southern border primarily to deter migration of low-skilled workers from Central America. In both instances, the concerns of the general public about the impact of unrestrained immigration on economic, social and cultural security has been an important motivating factor behind the policy shifts. The net result has been the weakening of the commitment of many states to multilateralism at a time when global challenges have grown in importance.

VI Conclusion

This paper set out to examine whether the economic and political costs of large-scale internal and external population displacement have materially impacted the progress in the implementation of the SDGs and weakened the commitment of states to multilateralism.

The paper has shown that large-scale internal and external population displacement imposes significant direct and indirect economic costs on developing countries, particularly low-income countries, which negatively impact their ability to achieve the SDGs. The direct and indirect economic impacts of large-scale internal population displacement are not borne by the IDPs and their dependents only, but also the host communities, places of origin and the society as-a-whole. The vast majority of externally-displaced people are also hosted by other developing countries, many of which are low-income countries, at considerable direct and indirect economic costs, which make it more difficult for them to invest in SDG implementation.

Developed countries, particularly in the European region, have also incurred significant political costs of hosting large number of refugees and asylum-seekers in the past decade, as reflected in the rise of anti-immigration sentiments and the growing influence of populist parties in national politics. In Sweden, for example, the country that in 2015 received the largest number of refugees relative to its population, the Sweden Democrats, a party with strong anti-immigration views, received the support of about quarter of the population in some polls in the beginning of this year. Sweden also went from having the most generous asylum laws in the European Union at the time of the 2015 refugee crisis to adopting the minimum level only. Polls in the United Kingdom have also shown that immigration was an important factor in the decision of the British people to vote for leaving in the June 2016 European Union membership referendum.

The changing political landscape created by the rise in anti-immigration sentiments and the growing political influence of populist parties in national politics in many countries, have thus led to the weakening of support of some states for multilateralism. This weakening of commitment to multilateralism has been manifested in several ways:

Firstly, the implementation of the SDGs is not on track

The SDG Summit that took place in September 2019 under the auspices of the General Assembly noted that the world is not on track in achieving most of the 169 targets that comprise the SDGs, particularly the 21 targets designated for implementation by 2020. Large-scale population displacement has been a contributing
factor to the lack of progress in SDG implementation, as discussed in this paper. At the same time, there is lack of knowledge of the full extent of this impact, which hampers policy-making at the national, regional and global levels.

Secondly, reduced support of states for multilateral agreements
For example, the Global Compact for Migration was not endorsed by 41 Member States of the United Nations in the General Assembly in December 2018. The United Kingdom has also recently withdrawn from the European Union. The United States has also opted to leave a number of multilateral agreements in the past few years, including the Paris Climate Accord.

Thirdly, regional migration governance arrangements under growing strain
In Europe, the Dublin Regulation, a key regional migration governance arrangement, collapsed during the 2015 refugee crisis. Many European states adopted instead ‘border externalization’ policies, i.e. the transfer of border management to third countries with a view to deterring migrants and refugees from reaching the region. The collapse of multilateral migration governance arrangements in Europe also brought about a number of additional intervening obstacles and restrictions, some of which have increased the risk of human smuggling and trafficking. In North America, the United States has also decided to build a wall on the country’s southern border to deter the immigration of low-skilled workers from Central America.

Fourthly, multilateral migration agreements suffer from lack of public trust
The public trust in regional migration governance arrangements in Europe collapsed following the refugee crisis in 2015. As mentioned earlier, a 2018 Pew Research Center survey found that 77 per cent of people in 10 European countries still supported taking in refugees fleeing war but were reluctant to do so because of lack of confidence in the ability of the European Union as an institution to equitably manage the refugee crisis.

Fifthly, the UNHCR refugee resettlement programme faces growing headwinds
The commitment of states to the UNHCR refugee resettlement programme has waned following the 2015 European Refugee Crisis. UNHCR, for example, estimated in the agency’s 2019 annual report that 1.4 million refugees are-in-need of resettlement.

Sixthly, the legitimacy of multilateral organizations is being questioned
In the past three years, the United States has withdrawn from the UN Human Rights Council, the United Nations Educational, Scientific and Cultural Organization, and in May of this year, the World Health Organization, as highlighted earlier.

A proposed way forward
This paper has shown that population displacement poses significant economic and political costs on developing and developed countries. The paper also argues that the issue of population displacement and migration, by definition, cannot be solved by fortifying national borders, but requires effective multilateral cooperation. What is needed is for the international community to adopt a cooperation framework that can help minimize the sum of the economic and political costs of population displacement on both countries of origin and destination. The following recommendations are made with that objective in mind:
1. Strengthen the provision of quality data, information, research and analysis on the drivers and impact of population displacement on national development, including the implementation of the SDGs

The purpose would be to improve the quality of policy-making at national, regional and global levels, with a view to reducing the negative impacts of internal and external population displacement on national development, including the implementation of the SDGs.

2. Strengthen technical assistance to low-income countries facing significant population displacement in the areas of disaster preparedness and conflict prevention and resolution

The international community could accord priority to the provision of technical assistance to strengthen national capacities in the areas of disaster preparedness and conflict prevention and resolution in low-income countries facing significant risk of population displacement. This could also include support for the development of an early warning system to better anticipate and plan for projected large-scale population displacement.

3. Revitalize inter-regional migration cooperation through sustainable partnerships

The objective would be to promote a more strategic cooperative approach to governing inter-regional migration flows. This can only be achieved if such partnerships are perceived to be beneficial to both regions of origin and destination and aligned with their long-term development aspirations and interests. A partnership approach could also include support to regions of origin to strengthen national capacities to manage intra-regional migration more effectively, including through better data collection, research, analysis and knowledge exchange.

4. Make transparency a central principle in multilateral migration cooperation

The greatest threat to public confidence in multilateral migration agreements is often the persistent belief that other countries are unlikely to fulfil their part of the bargain. Even a migration regime that delivers on most of its objectives can still be thought to be failing if the public perceives significant problems in the implementation of some of its components. Multilateral migration agreements thus need to be subject to effective transparency and accountability arrangements so that citizens know with some degree of certainty which migration policies have been effective, or not.

5. Promote the exchange of good practices in refugee integration and resettlement

The objective would be to reduce incentives for anti-immigrant sentiments and support for populist parties in destination countries. This could include enhanced information exchange on state programmes that actively target refugees to fill existing labour gaps. The capacity of UNHCR to undertake research, analysis and exchange of lessons learned from refugee resettlement programmes around the world, could also be strengthened.

6. Renew public trust in multilateral institutions

States and leaders of international organizations need to articulate more clearly than has been done in the past the value-added of multilateralism and the importance of renewal of multilateral institutions. The upcoming 75th anniversary of the United Nations this fall provides an opportunity to launch such a process of reform and renewal of multilateral organizations.
Bibliography

Adida, Claire (2014), Women, Muslim Immigrants and Economic Integration in France, Economics and Politics, Wiley Online Library.

Akkerman Lars Erik, Pengl, Yannick (2019), Global Conflict Trends and Their Consequences, paper prepared for UN DESA.

Akkerman, Mark (2018), Expanding the Fortress: the policies, the profiteers and the people shaped by EU’s border externalization programme, Transnational Institute.


Burgoon, Brian, van Noort, Sam, Rooduijn, Matthijs, Underhill, Geoffrey (2018), Positional deprivation and support for radical right and radical left parties, Economic Policy, Volume 34, Oxford Academic.


Carpio, Del, Vanessa, Ximena, Seker, Demir, Sirma, Yener, Levent, Ahmet (2018), Integrating Refugees into the Turkish Labour Market, Forced Migration Review, Issue 58, June 2018.


Eriksen, Thomas (2016), *Clashing scales of #Brexit*, Allegra lab.


European Parliament (2017), *Integration of refugees in Austria, Germany and Sweden*, Director-General for Internal Policies.


Hooge, Liesbet, Marks, Gary and Wilson, Carole J. (2002), *Does Left/Right Structure Party Positions on European Integration?* Comparative Political Studies.


International Displacement Monitoring Centre (2019b), *Beyond the numbers - monitoring progress to reduce internal displacement: building a global internal displacement index*, March 2019,


Kumar, Krishna, Culberston, Shelly, Constant, Louay, Nataraj, Shanthi, Unlu, Fatih, Bouskill, Kathryn E., Moini, Joy S., Costello, Katherine, Rafiq, gursel oglu Aliyev, Afashe, Fadia (2018), *Opportunities for All: Mutually Beneficial Opportunities for Syrians and Host Countries in Middle Eastern Labour Markets*. Santa Monica, California: RAND Corporation.

Koubi, Vally (2019), *Sustainable Development Impacts of Climate Change and Natural Disaster*, Background paper prepared for Sustainable Development Outlook 2019 of UN DESA.


THE ECONOMIC AND POLITICAL COSTS OF POPULATION DISPLACEMENT AND THEIR IMPACT ON THE SDGS AND MULTILATERALISM

OECD (2016), *International Migration Outlook*.

OECD (2017), *Migration Policy Debates: Who Bears the Cost of Integrating Refugees?*

Overseas Development Institute (2018), *SDG progress: Fragility, crisis and leaving no one behind*.


Swain, Ashok (2019), *Increasing Migration Pressure and Rising Nationalism: Implications for Multilateralism and SDG Implementation*, Background paper prepared for Sustainable Development Outlook 2019 of UN DESA.


Tony Blair Institute for Global Change (2018), *Populists in power around the world*.


World Bank (2015), *Turkey’s Response to the Syrian Refugee Crisis and the Road Ahead*.


