The Economic Impact of Internally Displaced Persons on Host Communities in the Albab District of Northern Syria

Introduction

The Syrian refugee crisis is one of the most severe humanitarian crises of our time. Since its outbreak in 2011, approximately half of Syria’s population of around 23 million has been displaced: some 8 million are internally displaced persons (IDPs); while 5.5 million have fled abroad as refugees. Such high levels of displacement have had a significant economic and social impact on host communities, the nature of which is complex, dynamic and context driven.

Whilst previous studies have examined the impact of Syrian refugees on host communities in Jordan, Lebanon and Turkey, this study seeks to address a critical gap in the existing research by exploring the economic impact of internally displaced Syrians on domestic host communities, drawing on data from structured interviews, focus groups and a survey questionnaire.

Existing Syrian refugee-focused studies concentrate on the impact relative to host-country labour markets, public services, infrastructure and natural resources, particularly in the context of Turkey. Although it is mainly the poorer and less skilled within host communities who tend to be exposed to negative effects, especially within the labour market,1 the skilled workforce can be equally impacted by the arrival of skilled refugees who are in a position to compete.

Several studies also point to the fact that it is often previous waves of immigrants within host communities who feel the negative impact of new influxes most starkly, as compared to native residents for whom the labour impact is minimal.2 Refugee influxes can, however, also create new opportunities for local business owners,3 as well as introducing new expertise and approaches that can be adopted to improve local practices in food production, for example.4

The overall findings of these earlier refugee-focused studies are inconclusive on the question of impact. For example, Akgündüz et al. (2015) analysed the effect of Syrian refugees on host communities in South-East Turkey and found an insignificant impact on local employment, results confirmed by Cengiz and Tekguc (2017). Fallah et al. (2019) used data from 2010 to 2016 to explore the impact on the Jordanian labour market, with their findings also

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1 See, for example, Borjas and Monras (2017) analysis of historical refugee shocks on the labour market.
2 See, for example, Manacorda et al. (2012) analysis of UK data from 1970 to mid-2000s, confirming that immigration has primarily reduced the wages of immigrants, with little effect on the wages of the native-born.
3 See, for example, Alix-Garcia and Saah (2010), Ruiz and Vargas-Silva (2013) and Alix-Garcia et al. (2018), amongst others.
4 See, for example, Bharadwaj and Mirza (2019) exploration of population exchange in 1947 between India and Pakistan. They found that areas in India that received more refugees have higher average yields, are more likely to take up high-yielding varieties of seeds and are more likely to use new agricultural technologies. They argue that this resulted from the superior literacy of refugees in comparison to the local population and land reforms which were implemented following the refugee influx.
indicating that, overall, Jordanians living in areas with a high concentration of refugees were not negatively affected. Del Carpio and Wagner (2015) found that Syrian refugees had a significant negative effect on employment in the informal sector, but a significant positive effect on employment in the formal sector, findings affirmed by Ceritoglu et al. (2017). Aksu et al. (2018) corroborated the negative impacts on the informal sector and positive effects on wages and employment in the formal sector, and Mahia et al. (2019) also found a positive economic impact, with GDP boosted by 2 per cent in the short term and 4 per cent in the long term.

There are clearly winners and losers in refugee-receiving communities in general, as has also been the case in relation to those hosting Syrian refugees. However, this study has sought to understand the impact of IDPs on local host communities in the Albab District of northern Syria, comparing its findings with those of earlier refugee-focused studies.

About the Study

The Albab District is a mixed urban rural area of approximately 1500 sq. km in Aleppo Governorate, located around 38 km northeast of the city of Aleppo and 30 km south of the Turkish border. It is currently controlled by the Syrian opposition forces supported by Turkey. The IDPs in the area, representing different sociopolitical groups, were displaced primarily from Aleppo, Damascus, Raqqa, Homs, Hama, Daraa and Deir Ezzor. They are now spread across the city of Albab and its surrounding countryside, living in informal camps on the outskirts of towns and villages, as well as in local rented accommodation (Enab Baladi, 2017).

The Albab District was chosen as it hosts a large number of IDPs and because of its relative accessibility and security in respect of the Syrian research-team members living in Turkey. The specific study sites of Albab city, Qobasin town and Qubasheih village were chosen as they provided a good cross-section of urban and rural settings within the Albab District.

METHODOLOGY The project used a mixed-method approach, combining qualitative analysis of data obtained from 4 focus groups and 80 interviews, and quantitative analysis of original survey data. The focus groups and interviews were run at the start of the study to evaluate and unpack any assumed impacts on host communities. To ensure a balance of views, as well as mitigate the potential for locals to exaggerate negative impacts and IDPs positive impacts, the interview sample included 36 locals and 44 IDPs5 from across the study sites and different economic, social and cultural backgrounds. Interview questions reflected emerging themes from refugee-focused studies on the impact on host communities in receiving-countries, which were explored in greater depth in the four focus groups.

Given the challenging circumstances in the three main study areas, data collectors encountered understandable suspicion, making random sampling impossible. A snowball approach was adopted as a non-probabilistic sampling method, which is of particular value in the case of populations that are difficult to access (Cohen et al., 2002). Eleven focus-group participants with an interest in the study, with good education levels and social networks, were identified and recruited to support the survey.

The study’s qualitative data was complemented with quantitative data from a parallel household survey, which was also run within the three study areas, with a focus on the

5 The displaced were more receptive to being interviewed.
labour market, consumption, education and healthcare. The survey delivered 496 complete questionnaires: 149 from Albab city; 117 from Qobasin town; and 230 from Qubasheih village. Sample households were relatively large (mean of 5.2) of which 80 per cent had more than 4 household members, with over 20 per cent of those having 8 or more. A sizeable minority of adults (around 14.1 per cent) was entirely uneducated and a further 42 per cent only had primary education. This partly reflected the young age of household members, but also the general education level of the local population.

To test the impact of IDPs, we estimated regressions for the dependent variables on which we could collect quantitative data using income and unemployment as labour-market proxies, food security as a proxy for consumption, in addition to access to education and access to health services – these last both measured as the amount of time, in minutes, that it takes to access such facilities. The independent variable used was the compound distance from the surveyed local household’s home to the closest camp or nearest IDP neighbour, measured in metres, with longer distance implying less exposure to IDPs. The survey results are captured in Table 1.

Findings

LABOUR MARKET About 60 per cent of all interviewees (IDPs and hosts) agreed that the influx of IDPs had had a negative impact on the labour market, due to increased competition and the acceptance by IDPs of lower wages, resulting in higher unemployment:

“The displaced can work at a lower wage to secure a living… for their families.” (Interviewee 37, Host)

“There is competition and more opportunities available for hosts than for the displaced, with IDPs suffering from greater levels of unemployment.” (Interviewee 29, IDP)

Although the survey findings (Table 1) indicate no significant impact of IDPs on unemployment, in line with Fallah et al.’s (2019) findings on Syrian refugees in Jordan, some interviewees noted that the difference between a negative and positive impact of IDPs related to the levels of human skills and capital within the host households. Those with high-skilled members and access to capital were able to capitalise on opportunities, whilst those with poor or low-skilled workers were more adversely affected by increased competition within the labour force.

Nevertheless, interviewees were also aware that unemployment and low wages were not due solely to IDPs, but also to the overall deterioration in the country’s economy, as well as limited natural resources and lack of investment in the Albab District:

“This problem is not due simply to displacement and population density, but also reflects a lack of [natural] resources [in the area… and investment….].” (Interviewee 78, Host)

“Job opportunities are scarce in this area.” (Interviewee 49, IDP)

Several interviewees also pointed to the fact that IDPs were replacing locals who had emigrated out of Albab, particularly in respect of highly skilled jobs:

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6 Household monthly income was used as a proxy for income, while unemployment was measured by the number of unemployed members in the household.

7 Food security was calculated according to World Food Programme (2014) standards.
“There is no competition… displaced people only have a minor impact on host-community job opportunities, as they fill a shortage, resulting from the outmigration of locals.” (Interviewee 24, Host)

The labour market in Albab also reflects the lack of central government, as there are no binding regulatory rules or regulations to clarify the nature of the relationship between employers and employees. The consequence is effectively a completely unregulated market with resulting insecurity for workers in terms of working hours, wages and social insurance. When “income” is used as a proxy for labour-market conditions, greater exposure to IDPs appears to be a significant negative factor – see Table 1. Host households living at some distance from IDP communities were found to have higher levels of income than those living in closer proximity, who experienced increased competition and a resulting decrease in jobs and wage levels. This could explain the apparent discrepancies between the study’s interview and survey data.

HOUSING MARKET  More than 80 per cent of interviewees, both IDPs and hosts, confirmed that there were pressures on the housing market that led to higher rents:

“Rents for residents and displaced persons have increased due to increased demand for housing.” (Interviewee 21, Host)

“Rents have increased due to increased demand for housing” (Interviewee 10, Host)

However, increasing pressure also reflected previously limited availability of rental property, with a resulting positive impact in the form of a resurgence in local housing construction, and new income-generation from previously unoccupied properties. “Because of increasing rents for houses and shops due to increased demand … construction … has been activated.” (Interviewee 57, Host)

CONSUMPTION  More than 70 per cent of all interviewees (IDPs and hosts) agreed that IDPs had also put pressure on food commodities, which led to price inflation and reduced local household consumption:

“Prices have risen because of increased demand.” (Interviewee 77, IDP)

From the supply side, although there has been food aid in the area it has been of poor quality, and has played a minimal role due to limited distribution and associated corruption:

“… the relief rations did not lead to lower prices because they are of poor quality…. (Interviewee 58, IDP)

“… food rations were always for the displaced.” (Interviewee 26, Host)

“There has been little [food] relief…. (Interviewee 60, IDP)

“There is no control over the distribution of [food] relief rations.” (Interviewee 23, IDP)

“… food rations were being sold in stores by the displaced to residents.” (Interviewee 5, Host)

However, as the economic activities of IDPs have increased, supply and prices have stabilised “Prices have declined somewhat because of competition between shops.” (Interviewee 45, IDP)

Inflated food-commodity prices do not result solely from the influx of displaced persons, but are also due to other factors such as the fragmentation of the Syrian market, monopoly of
certain border-crossings restricting the flow of goods into the Al bab area, and the devaluation of the Syrian currency in general:

“The prices increased due to the rise in the value of foreign currencies against the Syrian pound.” (Interviewee 20, Host)

The survey findings in Table 1 also suggest that with less exposure to IDPs, the level of food security, as a proxy for consumption levels amongst host communities, is higher. Our review of previous studies on the impact of refugees presents a mixed picture on food security. For example, Alix-Garcia et al. (2018) found, in the Kenyan context, a higher level of consumption in the area surrounding the Kakuma refugee camp, whereas in the case of Darfur in Sudan, Alix-Garcia et al. (2013) highlight the role of IDPs in the likely impoverishment of host communities. The latter finding is consistent with that of this study, which also points to increased pressure on prices resulting from a lack of relief aid and associated corruption. This contrast may indicate that key stakeholders are not as interested in supporting IDPs as they are in helping refugees.

INVESTMENT

Although the area fails to offer an attractive and secure investment environment for banking and financial services, one of the positives associated with the IDP influx, which was confirmed by more than 90 per cent of study interviewees, was the considerable benefit of new human and financial capital, creating new businesses, job opportunities, services and goods in the study areas with IDPs from Eastern Aleppo region tending to have more capital:

“[T]heir agricultural and industrial experience ... led to increased employment opportunities.” (Interviewee 3, Host)

“... their capital has contributed to new employment opportunities.”
(Interviewee 65, IDP)

In addition, the presence of IDPs has led to a shift in economic activity to rural areas:

“... rural development has been remarkable, with types of activity that have not previously existed, such as a pastry shop and restaurants.” (Interviewee 29, IDP)

This was noted by interviewees as being related to the spread of informal camps and other forms of housing away from urban centres.

EDUCATION

Although some believed that IDPs negatively affected the quality of education, due to overcrowding:

“The schools are small and not equipped [to deal with increasing demand.]”
(Interviewee 67, Host) and “This is reflected in the large number of students in a class.”
(Interviewee 72, Host)

Others rejected that assumption, noting that “... schools opened in camps.” (Interviewee 3, Host).

“... most schools have acceptable numbers of students.” (Interviewee 50, Host).

Participants also confirmed that IDPs provided educational experiences that benefited the host community, with IDPs from Deir Ezzor tending to have a higher educational level:
“Teachers who are not residents of the region have experience in the field of education.”
(Interviewee 29, Host)

“…the region benefited from educational personnel coming to the area.”
(Interviewee 4, Host)

“Displaced teachers have helped local communities.” (Interviewee 10, IDP)

Yet others noted a positive impact in the form of new educational services that had not previously existed:

“Nurseries were opened by some displaced people in the area.” (Interviewee 59, Host)

Another noted that despite overcrowding:

“…this did not affect the educational process due to new schools opening and supplying them with teachers from displaced areas and integrating them into the labour market.”
(Interviewee 61, Host)

Survey findings (Table 1) also point to the positive effect of IDPs on host communities’ access to education. Overall, our findings are in line with those of Bharadwaj and Mirza (2018), who found that proximity to refugees had a positive impact on literacy levels in host communities and Fallah et al. (2019), who found that a refugee influx helped to develop education facilities in Jordan.

HEALTH The study’s interview findings make clear that the influx of IDPs has had a negative impact on host community medical services:

“The number of hospitals is insufficient to serve this large number of IDPs.”
(Interviewee 8, IDP)

It is not simply a question of increased numbers, but also of a higher incidence of disease amongst IDPs relative to host populations:

“…diseases are spread in camps without medical care …” (Interviewee 55, Host)

“[Some] displaced people are suffering because of the siege [conditions] they endured under the regime.” (Interviewee 68, IDP)

However, as with education, there have also been positive benefits, such as displaced medical and health personnel, and the set up by IDPs of new health centres where there had previously been none:

“IDPs’ medical skills are very high.” (Interviewee 76, IDP)

 “[The] opening of new medical laboratories by IDPs.” (Interviewee 42, IDP)

“…the opening of new hospitals in the area……run by and working with IDPs.”
(Interviewee 74, Host)

These divergent views likely explain the study survey’s findings of statistical insignificance in relation to the impact of IDPs on local access to healthcare (see Table 1).

ENVIRONMENT The environmental damage resulting from the IDP influx appears to relate primarily to the rise of informal housing in unregulated camps, occupying agricultural land, and associated tree-felling activities:
“The spread of random camps … environmental pollution and the abundance of waste scattered here and there.” (Interview 11, IDP)
“... the felling of trees for heating due to poor living conditions.” (Interview 28, IDP)

There are also economic activities that are harmful to the environment, such as the introduction of small-scale oil processing plants in particular: “Refineries, logging, traffic congestion in cities, the poor physical condition of displaced persons and housing at the expense of agricultural land.” (Interview 44, IDP)

CRIME
Although the interviews suggest that IDPs have contributed to increased crime rates in Albab, increasing crime levels also reflect the situation in the country as a whole, including the proliferation of militia and weapons:

“Militia members are committing crimes…” (Interview 23, IDP)
“... widespread crime is not the sole responsibility of the IDPs.” (Interview 22, IDP)
and a general “… deterioration in the security situation.” (Interview 12, IDP)

LOCAL AUTHORITIES
The region lacks a clear central authority, and the overwhelming majority of economic activities consist of small and micro-enterprises, craft undertakings and small-hold farms. The local councils that administer the areas are characterised by the lack of clear legal reference for their work and a multiplicity of affiliations between the Syrian Interim Government (SIG), Turkish authorities and military groups. They lack clear appointment mechanisms, with civil servants remaining in post for years unchallenged, and little or no coordination between departments. Participants indicated little agreement as to the role of the governing authorities in the Albab District, and ongoing tensions between civil authorities and military groups: “Military centres resolve disputes between people, leaving no role for the civil authorities.” (Interview 2, Host)

It appears that the council’s role is non-existent and that growing corruption has undermined their authority:

“Their authority is very weak, for example … the police don’t implement the law, especially when there is a need to challenge military groups….” (Interview 45, IDP)
“The local authorities are the cause of the problems.” (Interview 51, Host)
“Their [local authority] support is for perpetrators.” (Interview 1, Host)
“... favouritism has increased tensions between locals and the displaced,” (Interview 22, IDP)

Conclusion
It is apparent that this study’s findings on the impact of IDPs on domestic host-community labour markets, consumption, education, healthcare, the environment and crime, within the context of the three study sites, are comparable to the impact of refugees on receiving-country-host communities, i.e. a mix of positives and negatives.

In terms of education, IDPs constitute an important addition by providing teachers (labour) and expertise (skill) in previously underdeveloped areas of Albab District. However, the negative impacts of IDPs are compounded by weak and corrupt local councils whose

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8 The crude oil is transported from areas of East of the Euphrates.
9 The Syrian opposition government.
authority is undermined by local militia and other influential groups, in addition to the parlous state of the country as a whole.

There are also interesting differences on respective IDP and refugee host communities in relation to consumption. This may result from the fact that the international community’s relief and development aid is geared more towards refugees than IDPs, and the absence of the levels of spending that are common in refugee situations, as well as inequity and corruption in the distribution of aid.

The positive impact of IDPs relates primarily to their financial, human and social capital and the investment opportunities they bring in areas that have previously suffered a lack of investment in infrastructure and an absence of banking and financial services. For Syrian nationals, such investment is facilitated by the relative absence of barriers, formal and informal, and limited social and cultural differences, which is not the case for refugees.

**Recommendations**

Based on the study findings, the following recommendations are addressed to relevant UN agencies, e.g. UNHCR, UNESCO, WFP, UNICEF; international and local aid and development organisations, e.g. FAO, CARE International, Shafak; government aid agencies responding to the crisis, e.g. GIZ, DfID, USAID; governments directly involved in the conflict, including the Turkish government and the Syrian Interim Government (SIG); and funding institutions such as the World Bank and EuropeAid.

1. **Adequate Global Aid**
   The results of our study, together with evidence from previous research, promote the need for adequate global aid to improve the welfare of those hosting a large number of displaced people and create opportunities so they can co-exist. This, in turn, should improve social cohesion and economic growth in the region. International interventions should also focus on improving the quality of aid to tackle corruption in its distribution so that resources are distributed fairly across IDP and host households, with a view to improving their wellbeing.

2. **Support for Development of Institutional Frameworks and Local Administrative Reform**
   Particular attention should be given to building local institutional capacity to help reform civil administrations, including local councils. This will require both financial support and training programmes to enable civil authorities to function independently of negative external influences, such as militia groups or tribal mafias, as well as increasing competencies, transparency and accountability in their delivery of core areas of responsibility. Upholding the law and reducing economic dependence on militia groups, through the creation of new opportunities, will be central to this. Supporting local reforms, including those linked to legal frameworks, would also improve labour-market regulation, and access to economic and educational resources for all.

3. **Support for Education and Health Facilities**
   Given the overcrowded nature of existing educational and medical facilities, financial support is required to help develop new facilities, as well as to enhance skills amongst existing personnel and grow relevant new expertise through training programmes.
4. Support for Tertiary Education and Vocational Training

More support for higher education and vocational training will provide a productive space that will support interaction between the young in both host and IDP communities; the development of skills responding to local community needs; and economic opportunities to counter radicalisation amongst both host and IDP youth.

5. Inclusion in Local Decision-Making

Support for mechanisms that integrate both host and IDP communities into decision-making at the local level on issues of direct relevance to them.

6. Small-Scale Business Entrepreneur Funding Programmes

A funding programme to encourage small businesses and facilitate the introduction of banking services that are currently non-existent in the Albab District. Support for small businesses will help to create jobs and stimulate economic growth that will benefit both IDPs and their hosts. The World Bank’s Community-Driven Development approach is proposed as a suitable model, to be developed in partnership with local stakeholders, such as community-based and non-governmental organisations, as well as local councils and authorities.

7. Appropriate Humanitarian and Development Programmes

The international community as a whole, and UNHCR in particular, should provide essential relief and development support to IDPs and their hosts in Albab District. As the long-term settlement of IDPs is likely, programmes should seek to support and facilitate their integration into the local community. This is a task that will require the assent and engagement of all parties.

8. Dissemination of Study Findings

All are encouraged to support the dissemination of this study’s findings to the large number of stakeholders, both local and international, that are responding to the Syrian crisis, including the Albab District; and to encourage the development and adoption of policies and practices that will mitigate adverse impacts of IDPs on domestic host communities, and promote and enhance positive ones.

9. A Follow-up Longitudinal Study to Assess IDP Impact over Time

Given the time-limitations of this study, a follow-on longitudinal study will enable a better assessment of causal mechanisms, in relation to the many variables influencing the economic impact of IDPs on host communities in Albab District. Amongst these are: the changing economic situation; the value of the Syrian pound; local governance; formal employment opportunities; fragmentation of the labour market, etc. The additional insights would also allow for more precise and substantiated recommendations. The ongoing Syrian crisis offers a unique opportunity to do this.

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Table 1. Survey Findings: The impact of IDPs on local host communities

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<th>Dependent Variables</th>
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<th>Food Security</th>
<th>Access to Health</th>
<th>Access to Education</th>
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