

# Call for Research Proposals to Assess the Economic Impact of Refugees on host and/or regional economies

**Background:** There is very limited work to date on the economic impact of refugees on host and/or regional economies. A recent work by Roger Zetter cites ‘social scientists have largely neglected these important policy and conceptual challenges, in contrast to the countless qualitative studies on refugee livelihoods by sociologists and anthropologists’ (Zetter 2012). Zetter further asserts ‘that few detailed assessments of the impacts and costs of refugees is a major gap in the humanitarian toolkit.’

Overall, it is usually contended that the ‘costs’ of refugees on their hosts – rising food and commodity prices, the depression of local wage rates, fiscal pressures, increasing environmental degradation– outweigh other micro- and macro-economic benefits. The introduction of refugees to an economy, particularly large refugee movements can lead to rising prices for essential goods and services, depress local wage rates, and increase environmental degradation. They can also mean increased fiscal costs to Governments as refugees are users of public services and goods. Several key variables related to the impact of refugees exist but are rarely studied in a scientific and comparable way. The list includes the size of the refugee presence relative to the local population and the size of the economy, the location and context of the refugee presence (i.e. skills and education level relative to the local population), the speed and volume of their arrival, and the length of their stay. The degree to which refugees offset costs through increased consumption and expenditure, and the economic activity associated with the aid system, is also influenced by aforementioned variables as well as government policy towards refugee employment and self-reliance.

One reason that few rigorous studies of the economic costs and benefits of refugee situations exist is that baseline data is rarely collected at the time of the original influx that would allow proper analysis. This is particularly true when refugees arrive in remote border locations, where existing national data prior to arrival may be limited. One exception is a recent, largely microeconomic, study of Dadaab refugee camp which showed that the positive economic impact of the camps for the host community was US\$14 million – about 25% of the per capita income of the province. Income benefits to the host community from the sale of livestock and milk alone were US\$3 million, while over 1,200 local people benefited from refugee camp-related employment or trade-related work (Enghoff et al. 2010).

**Goal:** The goal of this research is to analyse and provide conclusions and recommendations on the macroeconomic, microeconomic and fiscal impacts and costs of refugees on host and/or regional economies in different contexts. Funding will be provided to research institutions in a competitive and transparent process to assess the research questions at hand in a scientific and innovative manner.

Recommendations for how international aid to refugees can leverage the positive and negative impacts of the presence of refugees for host countries/areas should target all actors working on forced displacement. To allow for the widest impact, this research is to conduct comparisons across diverse policy environments particularly including places with and without the right to work.

**Scope of Research:** The theme of the research relates to the impact of the refugee population on local economies (both formal and/or informal). The scope of the research is to assess what are the effects of the refugee presence on the host and/or regional economy both negative and positive as outlined above. These can include impacts on employment and labour markets, wage and income levels, price increases of essential commodities, service delivery, trade and business activity, and on fiscal expenditure and revenue for central and local governments. In analyzing refugee involvement in the economy (both formal and informal) the research can assess household consumption and expenditure, refugee business and trade, aid related inflows and opportunities derived from refugee service organizations including employment, the impact of cash and/or food assistance for both refugee and host populations. It is recommended that research proposals follow a representative group (or groups) from host communities over time as a counterfactual.

### **What are Research Grants dedicated to the economic impact of refugees on host and/or regional economies?**

The Research Grants are multi-year awards structured to support the work of world-class researchers including universities or research institutions around the world. The RFP will consider inter-disciplinary teams, though scoring will be increased for applications which include a university/research partner and local partners in country. Applications for Research Grants should be made by submitting a three page research concept proposal by **March 25, 2015** to [livelihood@unhcr.org](mailto:livelihood@unhcr.org). The research will be focused on protracted situations defined as a situation lasting more than five years.<sup>1</sup> Proposals which include collaboration between local research institutions from the host country studied are encouraged.

There will be two phases for selection. The first phase is a 3 page structured research concept note. The Initial three page research concept will be subject to a comprehensive blind internal review process and applicants selected to submit a full proposal will be notified within 6 weeks of their initial submission.

The second phase will be to invite selected participants to submit a full structured research proposal within 4 weeks of initial notification. A second comprehensive blind internal review process will occur and applicants will be notified of their award within three months of the second submission. Grantees can apply for up to \$200,000 total USD in eligible expenses, but actual award amounts granted may be

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<sup>1</sup> 'Almost three quarters of the refugee population under the UNHCR mandate was in a protracted situation by the end of 2011, amounting to 7.1 million people. These refugees were living in 26 different countries (UNHCR 2012).'

less than the full amount requested.<sup>2</sup> At the point of award, UNHCR will work with the grantee on the methods and the data to be collected.<sup>3</sup>

The research will be a new data collection effort designed to help inform related policy. To ensure rigorous study design and data collection methods, guidelines are attached in Appendix 1. We request applicants to categorize their proposals on measuring several key economic impacts of refugees on host economies. Each area of impact should gather data on the host and refugee population and then compare the results to regional and national averages using appropriate comparisons (e.g. DHS survey or other relevant available research studies).<sup>4</sup> Components of each commissioned research study may include one or more of the following:

1. **Inflow of Aid:** Mapping investments in food and cash assistance on the local economy. In particular as it relates to food assistance the research should map the agricultural value chain and assess accrued revenue and profits to both host and refugee populations where relevant. The impact on local government should be included as part of the local economy. In areas where refugees receive cash assistance, the impact of the cash given to refugees should be mapped on the local economy.
2. **Access to social infrastructure, services and security:** Mapping investments in services, particularly health and education services, on the overall household welfare for both the refugee population and the host community. This should include economic costs (fiscal expenditure) to governments related to access to services and costs by UNHCR in maintaining health and education services in refugee camp settings.
3. **Trade:** Commercial and agricultural trade between refugee and host communities is often sizeable. One key remit of this work is to assess the economic value of the overall trade between refugee and host communities and any possible multipliers to the host community. In both camp and urban settings there have been many instances where refugee populations operate businesses in importing sending country goods to host countries. The research should estimate the economic market size and effect on GDP of this trade, as well as the relative price of goods compared to other nearby regions.
4. **Employment:** The impact on the local labour market and employment will be related to Inflow of Aid and Trade. If at all possible it would be useful to assess the local minimum (or alternatively average) wage, prices of essential commodities and rental prices for both refugee and surrounding host communities. In addition, UNHCR and its partners are increasingly investing in self-reliance and Livelihoods programs to increase skills and promote income generation activities for both refugees and host community

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<sup>2</sup> The budget section under “Applying for Research Grants” provides a detailed overview.

<sup>3</sup> Successful proposals may be subject to further discussions to elaborate methodology with UNHCR.

<sup>4</sup> This method was used in the recent Kenya study, see this work for an example (Enghoff et al. 2010).

members. The impact of these programs on employment generation and income generation effects (including multipliers) should also be assessed.

Each funded project will be assigned a focal point person(s) at UNHCR. The role of the focal point is to support the project by discussing research directions, engaging with professors and students, and overseeing collaboration between the project team and UNHCR HQ and Field teams. In particular, UNHCR will facilitate field work, to enable teams to collect data, visit refugee camps or settlements in host country, and hold focus group discussions with refugees.<sup>5</sup> We encourage Research Grants recipients to visit UNHCR to give talks related to their work and meet with relevant groups.<sup>6</sup> In addition, a dissemination plan will be required in the second stage of proposals.

### **Applying for Research Grants**

To apply for a Research Grant dedicated to the economic impact of refugees on host and/or regional economies, applicants should use the following guidelines for proposal submission.

1. Proposal: the main proposal section is comprised of 4 parts: An overview, a proposal body, a data collection and analysis, and a budget. The maximum length of the entire proposal section for the Research Concept is 3 pages. In addition to the 3-page proposal, we require a CV from the primary Principal Investigator (PI) and biographies of other persons included in the research. The CV section does not count towards the 3 page proposal limit, but all other sections do.
  - Overview:
    - a. Proposal Title
    - b. Principal Investigator (PI) full name, contact information (postal address, email address, phone), affiliation (university, school, college and/or department)
  - Proposal body
    - a. Context: Dimension of the refugee presence compared to the local population, location (rural/urban), overall and local economic trends and conditions. A short analysis of the policy environment on issues like freedom of movement and freedom to work, as well as on any other legal, economic or social factors that would be likely to influence the data significantly;
    - b. Background: The sustained economic impact (both positive and negative) of the refugee presence in protracted situations is the population focus for this research call for proposals;
    - c. Research goals, including a problem statement;
    - d. Description of the expected outcomes and results;

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<sup>5</sup> While UNHCR will help facilitate visits to the camp, all coordination of the data collection team (including identifying enumerators) is the responsibility of the grantee.

<sup>6</sup> No additional funding is available for this.

- e. How this relates to prior work in the area and in the country proposed (including your own, if relevant).
  - Data Collection and Analysis
    - a. Methodology for data collection (see Appendix 1) and data analysis;
    - b. Description of Intended Analysis;
    - c. List of expected final publications.
  - Dissemination plans
  - Budget
    - a. The budget section should provide a breakdown in US dollars across major line items such as salary, equipment cost etc.
    - b. If your project will require additional funding from another source, it may be helpful to note if you have already secured this funding.
    - c. All costs of data collection activities including transportation, enumerators, data analysis, etc. should be included in the research budget.<sup>7</sup>
    - d. For planning purposes, the budget should include the following phases of data collection:
      - i. Stage 1: Feasibility project preparation (not to exceed more than a total of 1/3 of the total budget);
      - ii. Stage 2: Data collection (this will be the largest percent of total budget);
      - iii. Stage 3: Data cleaning and analysis
      - iv. Stage 4: Publication and dissemination
2. CVs of the PI(s) and key supporting team.

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<sup>7</sup> The costs of UNHCR staff for facilitation of research activities do not need to be included.

## Annex 1: Methodology of Data Collection

### A successful proposal will:

#### *Demonstrate concrete research design and protection of human subjects*

- Power Calculations to determine mean detectable effect;
- Representative sample- We expect an explicit discussion about internal and external validity.
- Describe how the research design is in line with the UN Code of Conduct and outline IRB procedures which will be undertaken.

#### *Show feasibility of proposed research and research tools*

- Preliminary qualitative research in the community;
- Survey design and testing;
  - Test community to evaluate the survey questions;
- Consultation with relevant stakeholders to facilitate data collection (local Government and Community Leaders and UNHCR local staff and relevant implementing partners).

#### *Include a Detailed and Concrete Data Collection System*

- Who will collect the data?
- How will you train enumerators?
- Who will oversee enumerators?
- What validity checks do you propose in data tools?
- What steps will be taken to ensure protection of human subjects;

#### *Detail a plan for data analysis*

- Use of quantitative parameters to measure impacts (such as income, assets, aid, employment, etc.), as well as qualitative factors such as perceptions of security and protection.
- Construction of overall socio-economic profile and measurement of the changing levels of economic well-being over time, assessment of social change and household dynamics, and self-reliance and coping strategies are important components of the profile.

#### *Outline outputs*

1. All research will culminate in a final report and tables;
2. A Policy brief to describe key findings and data collection efforts;
3. A cleaned dataset;
4. Research outputs should describe plans to publish in a peer reviewed journal.

### **Additional Notes:**

1. Consistency of data collection- To facilitate comparison across the Research Grants efforts will be made to collect a set of core common variables/indicators.
  - a. Key variables used to measure macroeconomic stability could include: growth, inflation, fiscal deficit, current account deficit, and international reserves (Ames et al. 2001).
  - b. From a microeconomic perspective common variables to assess the impact of refugees on host communities includes the effect on the local minimum

wage, local fiscal and investment impacts, effect on prices (inflation), and overall household income effect (to name a few).

- c. Once proposals have been selected UNHCR reserves the right to request a set of common data to be collected across all studies related to macro and micro-economic impacts.
2. Participatory research- Efforts to include refugees in data collection is encouraged.
3. Research teams which include local research partners in country is encouraged.
4. Mobile platform data collection is encouraged.
5. Data collection should include host community either through original data collection or leverage existing data/ research.

## **Bibliography**

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