



Household Recovery from Internal Displacement in Northern Uganda

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Summary. — Northern Uganda experienced violent conflict for over 15 years, resulting in the internal displacement of over 1,800,000 Ugandans. In the five years that followed a cease fire agreement in 2006 nearly all the displaced persons returned home. The difference in the growth of consumption between returnee households and a comparison group of non-displaced households is estimated using propensity score matching. After an initial shock to consumption and assets upon return, returnee households experience a period of catch-up growth. These results contribute to understanding the dynamics of recovery from displacement and have implications for the policy response during recovery.

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1. INTRODUCTION

Northern Uganda has experienced violent conflict for more than fifteen years, resulting in the internal displacement of hundreds of thousands of people. Displacement due to violence and the threat of violence peaked in 2005 when over 1,800,000 Ugandans were living in Internal Displacement (IDP) camps, which amounted to about six percent of the population of Uganda and 35% of the population of Northern Uganda (Uganda Bureau of Statistics, 2013; UNHCR, 2006). In 2006 a ceasefire agreement was reached between the Ugandan government and the Lord's Resistance Army, the main perpetrator of violence. In the five years that followed nearly all the displaced persons returned home (UNHCR, 2011). Most economic studies attempt to measure the impact of displacement, but do little to assess the recovery from displacement. This paper fills this gap by assessing the impact, on household consumption growth, of returning home from displacement. Quantitatively assessing the recovery from displacement provides valuable information to policy makers about the type and timing of the response. In addition, this paper fits into a much broader interdisciplinary literature on refugee studies and internal displacement.

An extensive literature from anthropology, sociology, and population studies focuses on refugees and the consequences of displacement. Colson (1971) and Loizos (1981) were among the first to conduct ethnographic studies of displacement, with focuses on development-induced displacement and conflict-induced displacement respectively. Colson identified the serious disruption of social routines and the reduced legitimacy of political institutions due to displacement (Colson, 1971). Indeed, Colson (2003) describes how anthropological research has informed policy, including an emphasis on psychological effects and the impact of being “stripped of old social roles.” Harrell-Bond (1986) studied the experience of Ugandan refugees and the shortcomings of the policy response to displacement, which contributed to a shift in emphasis toward recovery from displacement. Research on the “refugee cycle” and resettlement after displacement from conflict emphasized the policy significance of the field (Black & Koser, 1999; Kibreab, 2002).

Surveys of the refugee literature praise the growth of the field, but lament the lack of economic research (Black, 2001; Cernea, 1999; Fiddian-Qasmiyeh, Ruiz, Vargas-Silva, &

Zetter, 2012). Cernea (1999) called for the much needed measurement of the consequences of displacement such as: impoverishment, the risk of de-capitalization, measurement of displacement costs and, in general, an understanding of how policy can “help accelerate the recovery of future re-settlers.” However, recent economic research has been more focused on the impact of displacement rather than recovery over time. For instance, Ibáñez and Vélez (2008) measure the impact of displacement on consumption in Columbia. Kondylis (2008) focuses the effect of displacement on agricultural output in rural areas, while a report by the World Bank focuses on displacement in an urban setting (World Bank, 2011). Studying the labor market, Amirthalingam and Lakshman (2009) find that the effects of displacement differ based on occupation and Kondylis (2010) find that displacement has negative effects on labor market outcomes. Complementing years of research in anthropology and sociology on social capital; Adelman (2013) uses economic methodology to study the impact of displacement through social networks on children's health outcomes. Similarly, Rohner, Thoenig, and Zilibotti (2013) study the impact of violence on trust and ethnic identity. Finally, in a cross country study Ghimire, Ferreira, and Dorfman (2015) find that flood-induced displacement is associated with fueling ongoing conflicts. Economic research has identified specific costs of displacement which can help direct policy; however, few studies have quantitatively analyzed the dynamics of household welfare, which is particularly important in determining the timing of a policy response.

A common theme emerges through all strands of the literature: the complexity of displacement. Economic analysis alone cannot address every aspect of displacement, but economic techniques can contribute by applying simplifying models and quantitative analysis (Cernea, 1999). Quantitative analysis of displacement can complement the more qualitative sociological and anthropological research to better understand this complex issue.

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Economic theory is ambiguous in predicting welfare during recovery from internal displacement. If displacement is treated as a passing shock, like a drought, the theory of consumption smoothing predicts little or no decrease in consumption, because of the household's ability to borrow against its future income, or to run down accumulated assets (Haughton & Khandker, 2009). If markets are complete, enabling households to smooth their consumption entirely, the path or growth rate of consumption for returning households should not differ from that of non-displaced households.

An alternative view is that displacement is viewed as a shock to physical or human capital resulting in reduced consumption during displacement, followed by rapid capital accumulation to return to steady state (Fiala, 2012). In fact, recovery from violent conflict via capital accumulation is observed at a macroeconomic level (Collier, 1999; O'Reilly, 2014). This re-accumulation of capital should result in the consumption of returning households increasing more quickly than that of non-displaced households; however, it is not clear how long after displacement this would take place. A severe shock may be followed by a period of depressed consumption while households slowly rebuild their capital stock; Collier (1999) suggests the possibility of a war overhang effect due to a continuing decline in the capital stock after violent conflict. Alternatively, returning households with a low capital stock could realize high marginal returns to capital, contributing to a fast recovery, as Fiala (2012) argues was the case in Northern Uganda, though his results are not statistically significant.

A third view is that the shock of displacement may be so severe that it damages the productive capacity of the household over a long time horizon. For instance, Ibáñez and Moya (2010) find that displaced households in Colombia take costly measures to smooth consumption. Similarly, Adelman (2013) uses exogenous variation in forced displacement to study the importance of local social networks on children's health. If displacement damages a household's productivity, or damages institutions, the growth of consumption for returnee households may actually be slower than that of non-displaced households. However, neither of these studies is able to comment on the persistence of the displacement shock, which is of particular policy significance. Ultimately, which theory best describes displacement in Northern Uganda and displacement in general is an empirical question.

A 2012 review of the literature on internal displacement conducted by the World Bank (2012) and the Refugee Studies Center at University of Oxford states that "The paucity of quantitative and economic analysis is notable" (Fiddian-Qasmiyeh *et al.*, 2012, p. 6). The report calls for more quantitative data on the costs of displacement to inform policy responses (50). Since this report was released the problem of internal displacement has grown worse. The number of internally displaced persons has increased to 33.3 million people in 2013, up from 28.8 million in 2012 (Internal Displacement Monitoring Centre: Norwegian Refugee Council, 2014).

Most studies of displacement rely on predominantly qualitative data and do not attempt to identify causal effects. Further, understanding the true costs of displacement requires an understanding of the persistence of the shock. A very different policy response would be appropriate if households are permanently worse off due to displacement, than if households recovered quickly from displacement. A few recent studies use statistical techniques such as instrumental variables to identify the causal effects of displacement (Fiala, 2012; Ibáñez & Moya, 2010). Ibáñez and Moya find that displacement in Columbia caused increased participation of older children in labor markets as well as significant asset losses,

indicating an effort by households to smooth consumption. However, by focusing on the short-run impact of displacement, they are only able to speculate about the long-run impact and do not comment about the persistence of the displacement shock.

The research that is most closely related to the present study is Fiala (2012), who also studies the impact of displacement on household consumption and consumption growth in Northern Uganda. Fiala focuses on displacement in the Lira region and uses a boundary discontinuity design to identify the treatment effect. He finds significant differences in the level of household consumption between returnee and non-returnee households at the time of return, and that this difference shrinks over time. Fiala finds a positive but insignificant difference in the growth rate of household consumption between the same two groups. However, the lack of significance may be due to the small sample size from only one district in Uganda, or due to an inadequate adjustment for price inflation. Both these shortcomings are addressed in the present study.

This study uses the case of displacement due to conflict in Northern Uganda to test which theory is most accurate in describing the displacement and return experience of households. Our results, using sample of 621 households from nine districts, indicate that the growth rate of household consumption during 2006–10 is lower for households that experienced displacement and returned home, than for similar households that never experienced displacement. However, this pattern is reversed in the period from 2010 to 2012, indicating catch-up growth for returnee households. These findings are consistent with the theory that displacement is a shock to the capital stock of households, causing an initial period of low consumption, as households forgo consumption to rebuild their capital stock. This phase is followed by a period of above average consumption growth, as returnee households catch up to their non-displaced counterparts. An alternative interpretation is that returnee households are regaining access to their land, which will not yield a productive crop immediately. Initial weak harvests followed by full harvests, as households regain access to their land, are consistent with the empirical results of depressed and then catch-up consumption. Finally, these results have implications for the structure and timing of humanitarian and development assistance delivered to households returning from displacement.

2. THE HISTORY OF CONFLICT AND DISPLACEMENT IN NORTHERN UGANDA

Following its independence from Britain in 1962, Uganda was subject to years of violence and political instability, which gave way to relative stability in most of the nation when the National Resistance Army took control of the capital in 1986. However, Northern Uganda has been host to a number of rebel movements. The most substantial and violent rebel movement, called the Holy Spirit Movement, grew out of the Acholi region in 1986. After an initial defeat in 1987 the founder of the movement, Alice Lakwena, fled to exile. In 1989 the movement was taken over by Joseph Kony. Known thereafter as the Lord's Resistance Army (LRA), Kony's rebel group has waged a guerrilla war in Northern Uganda with the stated purpose of overthrowing Uganda's President Museveni, though the political objectives of the group are vague (Adelman & Peterman, 2014). Although the conflict is between the Ugandan government and the LRA, the vast majority of the violence has been directed toward the civilians in the Acholi region.

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