



Integrating forcibly displaced populations into urban labour markets: Lessons from Mozambique

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Forced displacement impacts human capital accumulation and structural transformation. The extent and direction of this impact is primarily determined by migrants' relocation destination, and their economic and social integration.

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Almost 90 million people were forcibly displaced by the end of 2021 because of conflict, persecution, violence, human rights abuses, and other atrocities. Around 60% of them remained within national borders as internally displaced people (IDPs), while about 40% of them became refugees and asylum seekers looking for safety abroad. In the developing world, especially in Africa, these figures are expected to rise due to ongoing regional conflicts, as well as extreme weather events and natural disasters triggered by climate change.

Displacement and migration in Mozambique

Mozambique's experience with forced displacement can help explain some of the current developments across the continent. During Mozambique's post-independence civil war (1977-1992), around one-third of its population was forced to leave home and, by the end of the conflict, the country ranked second poorest in the world. In recent years, an armed conflict in the northern province of Cabo Delgado has already resulted in roughly one million IDPs, refugees, and asylum seekers. These challenges are compounded by climate-induced migration, as well as economically driven rural exodus to cities and towns.

While there is a significant divergence on whether to prioritise the promotion of rural development or urban development in Mozambique, the last two decades have been characterised by a significant political push towards rural development. Evidence however, shows that compared to alternative options, migrating to cities favours long-term structural transformation.

To discuss some of these trade-offs, IGC Mozambique hosted a conference on migration and urbanisation in Mozambique. The objective was to debate key lessons learnt from IGC research over the years, focusing on different policy interventions for effectively integrating migrants into urban settings and labour markets.

Policy lesson 1: More attention and resources should be directed to the integration of displaced individuals into urban environments with more opportunities.

The relationship between forced displacement and human capital accumulation is not obvious at the outset. One hypothesis is that it leads to less investments in schooling due to the associated physical and mental stress, as well as income loss of mostly impoverished populations. Research on IDPs from the Mozambican civil war, however, seems to suggest otherwise. Using census data, researchers found that, compared to their siblings who stayed behind, displaced individuals were more likely to have invested in education five years after the end of the conflict. This is because unlike a house, cattle or machinery, education is a 'mobile asset' that cannot be

expropriated – even during war times. Compared to non-mover siblings, movers were also more likely to have transitioned out of agriculture into service employment.

While forced displacement can trigger investments in education, the final location of displaced individuals has a bearing on the magnitude of this effect, and may even nullify it. Relative to siblings who stayed behind, human capital accumulation was higher for rural-born children that had moved into urban centres. Smaller, albeit still positive effects, were found in urban-to-urban trajectories, and even rural-to-rural. However, urban-born children who had moved into rural settings were less likely to have invested in education, compared to their siblings who stayed in urban areas.

Survey evidence from Nampula – a city that doubled in size during the civil war – proved this to be a persistent effect. Three decades after end of the conflict, IDPs who had moved into urban centres were more educated than their siblings who remained in rural areas, and even matched the education levels of the urban-born population.

Despite the positive effect of this rather traumatising mobility shock, the survey shed light on the devastating effects that forced displacement played on IDPs' mental health. It also showed that IDPs had much lower social capital, civic engagement, and community trust than those who were never displaced, further complicating their socioeconomic integration.

Policy lesson 2: Improving resilience and reliance of both incoming and host communities can prove essential to providing long-term solutions underpinned by economic and social integration.

The ability of IDPs and refugees to effectively integrate into host communities and improve social cohesion comprises (at least) two facets – economic and social. First, it relies on the possibility of migrants finding a job in the new labour market, or having sufficient initial assets to pursue self-employment. Second, it relies on the local opportunities for social integration and being prevented from potential animosity or resentment from host communities.

After escaping conflict and disaster, displaced individuals are often left destitute and bereft of their material belongings. Their diverse ethnic and religious background adds further complexity for social integration and cohesion. In light of these issues, the UN has been rolling out 'graduation programmes' for ultra-poor individuals who live both in refugee camps and the communities that host them. These programmes consist of a package of assistance, usually for one to three years, which offer:

- Cash transfers for consumption support to cover daily living expenditures, like food and transport
- Cash transfers for investment in productive assets
- Mentoring, coaching, vocational and skills training to improve employability and build self-esteem
- Paid apprenticeships and other initiatives that facilitate job matching

One of these programmes is currently being evaluated in the refugee camp of Maratane in northern Mozambique. Compared to households in the control group, those who participated in the programme show positive and lasting impacts on food security, income, and employment. Importantly, the economic support offered to locals, combined with the increased interactions between refugees and host communities, led to greater social cohesion, trust, and a convergence in social norms across the two groups.

Other interventions which are currently being evaluated in Mozambique include a social interaction experiment in the city of Pemba. This experiment measures the effect of community meetings between IDPs and locals, and how this direct contact might affect their coexistence. Preliminary findings point to significant improvement in the relationship and perception of each other, as there are gains in tolerance, trust, and participation in community life. In the city of Quelimane, a different intervention with rural migrants is testing the effectiveness of urban integration through information provision, job matching, and mobile money information and use.

Investing in the sustainable development of cities and towns rather than containing urban inflow

History from around the world shows that the urbanisation typically moves in tandem with economic development. Beyond population growth, 'push and pull' factors drive individuals in developing countries – particularly the younger generation – out of rural villages into urban areas with more opportunities. Post-conflict and disaster development strategies should take this stylised fact into account, especially when considering the longer-term socioeconomic integration of forcibly displaced individuals.

While research suggests that conflict-driven displacement might inadvertently support structural transformation in the long-term, appropriate government policies are required to realise this. In addition to better job prospects, the successful integration of IDPs, refugees, and rural migrants requires programmes that promote social cohesion and trust of both incoming and host communities, as well as mental health support to those who have been scarred by violence and fear.

On the academic side, more research is needed on the political economy of migration. As countries rapidly urbanise, cities may often represent important political opposition centres. As such, they may face challenges in mobilising investments aimed at urban development, including key public infrastructure. Furthermore, although policy directives are important in shaping different displacement trajectories, it is imperative that these individuals have the freedom and ability to choose where to relocate. Indeed, many of those forcibly displaced may wish to return to their place of origin if conditions allow. Understanding the challenges associated with this movement is critical for rebuilding the social fabric.

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