



Consortium for  
Development  
Policy Research

Policy Brief PB1507 | State | November 2015

# Economic Strategies for Resettled IDPs

## About the project

**Funded by:** International Growth Center (IGC)

**Impact:** This was one of the first studies aimed to understand which rehabilitation interventions are needed for Internally Displaced Persons (IDPs) given the emotional distortions impacting their economic choices.

*This policy brief is based on the report, "Economic Calculation and Strategies Among Resettled IDPs (SWAT) and Current IDPs (Peshawar and Bannu), Pakistan" authored by Dr. Kiren Aziz Chaudhry (University of California, Berkeley). It has been compiled by Zara Salman (CDPR).*

## In brief

- IDPs in Pakistan are concentrated in the regions of Khyber Pakhtunkhwa and former region of Federally Administered Tribal Areas (FATA).
- A cohesive strategy needs to be centered around employment generation for IDPs.
- Surveys conducted in three conflict affected locations helped identify the interventions that can promote long term, sustainable growth.

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As of December 2017, the latest estimated amount of Internally Displaced Persons (IDPs) in Khyber Pakhtunkhwa and FATA is 249,000<sup>1</sup>. This figure only includes those registered with public authorities, which implies that the actual number of people displaced is much higher. Considering the temporary and difficult conditions they are living under, rehabilitating IDPs, especially in terms of aiding them to find employment, is a critical step towards building a buoyant and stable economy in Pakistan.

The government initially earmarked a paltry sum of \$5 million to rehabilitate them<sup>2</sup>. Once the scale of the displacement was evident, more funds were allocated for food and other items. However, in addition to these funds, relief and rehabilitation requires a cohesive strategy that can ensure that IDPs can become productive members of the society once again. Therefore, this research uses interviews of IDPs in Jalojai camp (Peshawar), former IDPs in Swat and IDPs residing in Bannu. The objective was to identify interventions that would promote long term, sustainable growth.

The political economy of this region has serious implications for any developmental work that the state might initiate in these areas. The relationship amongst the tribes, the traditional Jirga structures, the Maliks (who served as a link between the state and tribes), and political agents has been transformed due to Talibaan killing the leadership. It has also been affected by military operations, which has collapsed the link between state and heterogeneous segments of the society. Further, it has limited the nodes of cooperation that can be expected from the local population in government projects. The general sentiment remains that the government.

is not doing enough in rebuilding infrastructure and homes, or in providing assistance to the people of KP and FATA.

## Jalojai

Jalojai Camp is located on the outskirts of Peshawar. It is one of the oldest refugee and IDP camps in Pakistan that has housed successive waves of displaced persons. At the time of research in 2015, Jalojai was a dying camp. However, Pakistan Disaster Management Authority (PDMA) officials painted a rosy picture of the facilities and training they provide and the role of camp-life in improving the lives and skills of the IDPs. The reality contradicts this narrative. No evidence of the existence of training centers for courses was found.

## Bannu

Bannu hosts IDPs in different sites, which are mainly from the tribes of Dawars and Wazirs. Thus, interviews of the IDPs and other related respondents were conducted in Baka Khel Camp (housing 21,000 IDPs); Alkidmat Foundation Camp (80 families); and Village Shahbaz Azmat Khel (community housing for 30 families).

The Baka Khel camp has been promoted as a model camp with tight security arrangements and excellent medical facilities. However, many inside the camp suggested that much of what the Pakistani public are shown and told about the camp is theatre. In reality the camp was in worse condition compared to the spruced up picture presented for a visit.

The Alkhidmat Foundation was in a worse condition. There were no schools, training centers and little electricity. The entire camp had one fan and one water tank. While every family had at least one member who had extensive experience in business or a trade, lack of savings and uncertainty about repatriation prevents them from starting again in Bannu.

Village Shahbaz Azmat Khel, 10 km outside Bannu city is a host community to 30 families, all of which come from the Dawar tribe. The village was small, and had only three shops. Here too there was at least one skilled person who had previously been a functioning member of the economy, but was currently unemployed. The biggest problem to prosperity was uncertainty of the duration of stay, which hindered both serious efforts to seek employment as well as student interest in schooling and training.

In order to create economic opportunities to replace the network of trade lost in the conflict, careful consideration of the previous structure is required. Culturally, trade rather than industry is vastly more attractive in this region, as are occupations that do not involve formal economic hierarchies, such as transportation. Other jobs that are not contractual in the formal sense, such as day labor in construction are also an alternative.

However, Federal Government agencies and donors have taken a 'one size fits all' approach to the issue of economic rehabilitation. What is good for Bannu may not be good for North Waziristan. Therefore, rebuilding should be done in a series of distinct phases, sector wise as recommended below:

<sup>1</sup> Internal Displacement Monitoring Centre

<sup>2</sup> <http://foreignpolicy.com/2015/01/16/pakistans-idp-problem/>

- One sector that can stimulate the economy and help in rehabilitating is construction. A construction boom will involve rebuilding both public spaces and private homes. Assuming this will go on for a decade, training in camps should prioritize creating skills that match this impending construction boom. Scholarships for higher education of IDPs in construction and electrical engineering should also be prioritized.
- Another sector that is vital for North Waziristan's economy is mining. Unfortunately, mining is generally outsourced to multinational companies, which may not necessarily mean integrating the local population into unearthing of these resources. Therefore, there is need to invest in the training of a cadre of mining and geological engineers and locals who know accounting and business practices, including law, to ensure local integration. At the lower end, the operation of mining machinery requires special expertise that should be the focus of technical training at the camp.
- Agriculture is also an important contributor to the region's economy. Therefore, training in agriculture, water use and conservation and horticulture is a long term investment that should be actively pursued. Agricultural interventions should take into account the diverse endowments of regions within North Waziristan.

## Swat

Swat does not have an IDP camp but many former IDPs have resettled there. However, the existing employment opportunities and Swat's economy requires measures for improvement. Swat has distinct sector endowments in tourism, agriculture, horticulture and mining. Each of these sectors was a victim of either the Taliban, or the army, or the lack of basic infrastructure and rebuilding after the operation.

Roads and public buildings demolished by the Taliban, then the floods of 2010 and finally during the military offensive have not even begun to be reconstructed. Both for tourism and for agricultural transportation, roads are critical. Further, a secure environment is necessary for any industrialist to invest capital in tourism or industry in Swat.

Therefore, the following recommendations for each industry will help stimulate Swat's economy.

### Tourism

- Before the conflict, the EU was funding a culinary and hospitality institute. This institute should be re-opened as a specific and prioritized project for which funding should be sought again. The KPK government should

also consider opening similar institutes.

- Hotel owners should be compensated for damage from the operation. Moreover, for the purpose of rebuilding, it is necessary to have a building code, especially in touristic areas so that buildings are safe and not unsightly.

### Agriculture

- Protection walls should be built to minimize the effects of floods.
- Construction of irrigation systems that utilize Swat's abundant water supply should be carried out.
- Farmers need low interest rates because the Agriculture Bank reportedly does not give loans even if farmers offer to pay interest rates of up to 18%. An alternative option needs to be investigated.
- There should be incentives for farmers to move into the packaging and logistics sector, so that the entire sector benefits from efficient transport.
- Connecting roads and depots should either be built or promoted.

### Industry

- The government must encourage investment in secondary products from agriculture such as fruit processing.
- Making an industrial estate with regular supply of electricity should be a priority.
- Since banks in Swat no longer take Swati property as collateral, either they should be incentivized, or the government of KPK should guarantee loans needed by industrialists as start-up capital.

Perhaps the biggest failure of scholars, policy makers and Economic impact of psychological trauma

the establishment is the complete neglect of the fact that the IDPs constitute a deeply traumatized population, who have lost a sense of time.

The mental state of the IDPs from Bajour and North Waziristan is not without economic consequences. There are hundreds of families that are headed by women, who are culturally bound to a custom of seclusion that is either forced or voluntary. There are children raising children. The economic decisions these people make are further affected by the trauma induced by conflict. While the health facilities at Baka Khel Camp were mostly encompassing, they did not include psychiatric interventions. In both Baka Khel and in Jalozai, severely traumatized men, women and children travelled to Peshawar for help. Others sought help from faith healers or from practitioners of folk medicine.

While individual therapy is out of the question, not only because the Pushtun do not have a confessional culture, but also because of a dearth of practitioners nation-wide; there are solutions. One is to replace rumor and chatter with regular and accurate information by the authorities. The second is to create regular groups where even a single facilitator could

disseminate information. Such information, disseminated in a regular, responsible manner would create trust among the IDPs and the authorities. But more importantly, it would create the opportunity for them to collectively think about the future and take them out of their solitary disorientation.