iDMC internal displacement monitoring centre

ADB

Harnessing Development Financing for Solutions to Displacement

in the context of disasters and climate change in Asia and the Pacific

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Notes:
In this report, "$" refers to United States dollars and "€" refers to euros.
All photos are from ADB.

Cover design by Mike Cortes.
Cover: Workers are building on the river banks in India as part of the Integrated Flood and River Bank Erosion Risk Management Investment program funded by ADB.
The project has given the villagers confidence to live and work in the area.

The Hahake Coastal Protection Project. The initiative—featuring infrastructure interventions to safeguard along 8 kilometers of the Hahake coastline in Eastern Tongatapu—is part of ADB efforts to strengthen community resilience, improve ecosystem health, and protect vital infrastructure from climate-related impacts.

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Foreword

In the past decade, 177 million internal displacements have taken place in Asia and the Pacific as a result of disaster events. These have been, largely, weather related and make the region the most affected in the world.

Displacement upends people's lives and often calls for immediate and life-saving humanitarian assistance. It also erodes the gains achieved in improving the quality of life in developing countries as well as weakens community resilience and the stability of societies. The impacts of this phenomenon are compounded by climate change and other challenges, including uncontrolled urbanization and fragility. The scale and increasingly protracted and repeated nature of displacement requires going beyond immediate assistance; it demands addressing the root causes, compelling governments and their development partners to respond.

In 2021, the United Nations Secretary-General's High-Level Panel on Internal Displacement called for a paradigm shift in how displacement should be addressed. The Panel stated the importance of national ownership and government leadership in prioritizing the issue of displacement in national plans and budgets, as well the use of international financing in catalyzing action to prevent displacement. Specifically, the Panel calls on international financial institutions to factor internal displacement more systematically in their planning and operations.

In response, the Asian Development Bank and Internal Displacement Monitoring Centre published the report *Disaster Displacement in Asia and the Pacific: A Business Case for Investment in Prevention and Solutions*, in 2022, that sheds light on the scale and the impacts of disaster displacement in the Asia and Pacific region. The study provides a development approach toward establishing solutions to prevent further displacements.

In this report, our two institutions explore how multilateral development banks (MDBs) can play a greater role in advancing government-owned solutions through a range of targeted and integrated investments, as well as technical assistance in the policymaking process in terms of disaster risk reduction and climate adaptation. To fulfill this role, MDBs require relevant data, substantiating evidence, and contextual awareness. This report identifies a significant number of opportunities to meet these requirements and the best practices to support them.

The Asian Development Bank is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific. It is scaling up support to its developing member countries to increase their resilience to climate change and other natural hazards. Addressing the drivers of displacement will be critical in this regard. For its part, the Internal Displacement Monitoring Centre commits to providing governments and MDBs the necessary data and substantiating evidence to inform displacement-sensitive policies and operations.

We hope this report will further spur MDBs to mobilize additional support and guide countries in addressing the challenges of displacement. At the same time, we hope that developing member countries will gain a greater understanding of the role that MDBs play in tackling these challenges.

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Water is being distributed to displaced people taking refuge at the Makli Graveyard in Pakistan, one of the largest necropolises in the world and a United Nations Educational, Scientific and Cultural Organization heritage site. In post-disaster situations, women continue to be the primary collectors, carriers, and consumers of water.

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Abbreviations

ADB	Asian Development Bank
ADF	Asian Development Fund
DMC	developing member country
IDMC	Internal Displacement Monitoring Centre
IDP	internally displaced person
MDB	multilateral development bank

Key Messages

1

Most of the disaster displacement recorded globally has taken place in Asia and the Pacific, with 177 million internal displacements reported during 2014–2023. This represents 74% of the global total. Within the same period, ADB's developing member economies accounted for 95% of the regional total.

2

Displacement hinders and may even reverse development gains for affected individuals, communities, and countries, making it a critical issue that demands investments in prevention, comprehensive solutions, and long-term sustainable strategies.

5

MDB interventions must be grounded in not only policies that are context specific, but also in strategies and plans that are informed by quality evidence, government-owned priorities, and the active participation of the affected communities.

6

MDBs have a role in supporting an improvement in national data systems and encouraging displacement-inclusive policies, as well as in raising awareness of the need to include the discussion of displacement within the development plans of affected countries.

3

To reduce the number of displacements linked with climate change and disasters, governments must better reflect their corresponding priorities through specific measures. Furthermore, the complexities surrounding displacement must be recognized in the context of climate change, in particular.

4

Multilateral development banks (MDBs) are instrumental in addressing the root causes of displacement; they seek to support affected communities, and they invest in solutions by way of sector investments, technical assistance, and cofinancing. Climate adaptation and disaster risk reduction already provide the means of access for displacement considerations to be integrated into sectoral investments.

7

Global climate funds are already being deployed to reduce the risk drivers of displacement. Depending on the demand of developing countries, it will provide the opportunity to increase the volume and quality of investment.

8

Reducing displacement risk and advancing solutions requires a shift in how displacement is framed, from a humanitarian to a development lens. By embedding displacement into development planning and investment strategies, governments can create the conditions and demand for development and climate finance to effectively respond to their needs.

A large boat is stranded inland after the devastation caused by the 2004 Asian Tsunami, which displaced over 1.7 million people across 14 countries.

Children take refuge at the Pakistan Navy Relief Camp, one of the many camps set up around Thatta to shelter displaced families. The camp hosts over 1,000 tents as part of efforts to address the immediate needs of the displaced population.

Introduction

Internal displacement often is understood to be a phenomenon that occurs within the context of conflict and violence, pushing people away from their homes in a temporary flight for safety until they can return in peace.[1,i] Evidence from the past 15 years, however, indicates that disasters trigger more displacements each year than do conflicts or violence, and that they affect many more countries across the globe.[2] In 2023 alone, 26.4 million displacements as a result of disasters were recorded in 148 countries and territories around the world, compared to 20.5 million conflict- and violence-related displacements in 45 countries and territories.[3] The effects of climate change are expected to increase the scale, duration, and severity of displacement in many parts of the world, making the issue ever more urgent to address.[4] It underscores an imperative need to target development financing strategies that not only will address immediate displacement circumstances but also will integrate long-term resilience building into the core of development planning, as well as prevent such displacement from occurring in the first place.

Most of those who are forced to flee from their homes (i.e., internally displaced persons [IDPs]) tend to remain within the confines of their own countries and are ultimately dependent on their government for emergency assistance.[5] Many countries affected by protracted disasters nevertheless struggle to respond to the needs of their IDPs, since they often face overlapping challenges, such as low levels of socioeconomic development and other drivers of instability. The Asian Development Bank's developing member economies[ii] accounted for over 168 million disaster displacements between 2014 and 2023; that is, 95% of the total number recorded for the Asia and the Pacific region. Each displacement has resulted in short- and long-term impacts on the welfare and wellbeing of affected individuals, preventing them from participating in income-earning activities; generating the need for temporary housing and social protection; affecting their physical and mental health; and hampering access to essential services, education, and infrastructure. When disasters repeatedly displace high numbers of people, particularly for long periods of time, the financial costs and losses add up to significant amounts at the national and regional levels.

Given that IDPs do not traverse international borders, displacement is a sovereign responsibility that receives relatively little attention from the international community than do cross-border displacements and migration flows.[6] Multilateral organizations, however, are increasingly acknowledging the need to support governments affected by internal displacements. In 2022, the United Nations Secretary-General's Action Agenda on Internal Displacement called for international financial institutions, bilateral donors, and regional multilateral development

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[i] Internal displacement is understood as the forced movement of people who have been obliged to flee or to leave their homes or habitual places of residence as a result of disasters or due to the effects of climate change, and who have not crossed an internationally recognized State border. This definition aligns with the *Guiding Principles on Internal Displacement* (United Nations Office for the Coordination of Humanitarian Affairs). 2004. Reprint of 1998 publication. New York: OCHA. https://api.internal-displacement.org/sites/default/files/publications/documents/199808-training-OCHA-guiding-principles-Eng2.pdf).

[ii] Afghanistan; Armenia; Azerbaijan; Bangladesh; Bhutan; Cambodia; People's Republic of China; Cook Islands; Fiji; Georgia; Hong Kong, China; India; Indonesia; Kazakhstan; Kiribati; Kyrgyz Republic; Lao People's Democratic Republic; Malaysia; Maldives; Marshall Islands; Federated States of Micronesia; Mongolia; Myanmar; Nauru; Nepal; Niue; Pakistan; Palau; Papua New Guinea; Philippines; Samoa; Solomon Islands; Sri Lanka; Taipei,China; Tajikistan; Thailand; Timor-Leste; Tonga; Turkmenistan; Tuvalu; Uzbekistan; Vanuatu; and Viet Nam.

banks (MDBs) to put in place measures to proactively and systematically address internal displacement within the context of development financing.[7] The increasing scale of displacement linked to disasters and climate change issues calls for a significant amount of financial resources, not only in terms of immediate relief but also for the long-term recovery and socioeconomic development of the most vulnerable and poorest communities, as well as the hosting communities. Efforts to prevent displacement by way of investing in disaster risk reduction and climate resilience remain a priority. Development funding must be highlighted in a way that can help address those who are in need, from the moment they are displaced until they secure lasting solutions.

Most government and partner interventions addressing the displaced as a result of disaster and climate change events tend to focus on emergency responses and life-saving assistance at the exclusion of tapping into development financing for more sustainable and integrated solutions. They mostly provide temporary shelter, food, and essential items; reconstruct housing and major infrastructure; and offer some long-term support or recovery initiatives to displaced communities for them to rebuild their lives in their area of origin or in an alternative location. Such efforts rely mainly on emergency funding at the exclusion of more sustainable development measures.

There is a business case for MDBs to tap into existing funding mechanisms and planning processes to address disaster and climate change displacements. By complementing humanitarian assistance in ways that will limit the extent of unfolding crises, MDBs will be able to mitigate the devastating impacts on people's lives, as well as prevent future displacements.

The report, *Disaster Displacement in Asia and the Pacific: A Business Case for Investment in Prevention and Solutions*[8] offers a first comprehensive overview of the scale, drivers, risks, and impacts of the displacement phenomenon in the Asia and Pacific region. It highlights the fact that beyond the need for emergency support to affected populations, longer term investing in the prevention of disaster displacement and providing durable solutions are the most efficient courses of action.

Increasing attention is being paid to the multiple drivers including the effects of climate change, urbanization, population growth, and development on disaster and displacement risk. As such, several countries in Asia and the Pacific have launched policies and programs in attempts to mitigate the issues. In the absence of adequate resources, however, their impacts will be limited.

This report aims to provide a reference point for MDBs, international financial institutions, and governments alike to grasp the opportunities and make use of the available entry points to seek and finance solutions to disaster displacement in Asia and the Pacific. New partnerships can be developed to foster any approach that will address the socioeconomic impacts of disaster displacement, thus contributing to greater stability. The report also highlights specific initiatives that have demonstrated success, not only in the region but also beyond.

Part 1

Development and Displacement in the Context of Disasters and Climate Change

Houses and crops in Pakistan are at risk due to severe soil erosion. ADB is prioritizing climate change adaptation and scaling up efforts to support communities vulnerable to displacement from climate-related hazards.

The links between socioeconomic development and internal displacement are multiple.[9] The global economic impact of 1 year of internal displacement is estimated to be approximately $21 billion. This indicates not only the direct implications on economic growth but also the impact on the resources of those affected governments in terms of development.[10] In terms of disaster and climate change events, the impacts of displacement on the welfare and wellbeing of people are well documented, more often severely affecting those with lower levels of income, health, and education.[11] Evidence also points to an increased risk of displacement for individuals and communities with lower levels of socioeconomic development and coping capacity in the face of severe or repeated disasters and the slow-onset effects of climate change.[12] While low levels of development will increase the risk of displacement, displacement itself will further increase the risk of poverty and marginalization, thus reducing the opportunities that development can create and perhaps forming long-lasting and far-reaching effects on vulnerable communities. This cycle not only exacerbates existing disparities but also poses significant challenges to achieving the goals of sustainable development and resilience in vulnerable regions. To end the cycle will require specific interventions to address the immediate as well as the structural causes of displacement. Strategic investments in economic development, health care, education, and infrastructure can bolster the resilience of at-risk communities and provide them with the necessary tools to adapt to and recover from adverse conditions.

The relationship between the slow-onset effects of climate change and displacement is clear, although it is insufficiently understood and measured (Box 1).[13] Effects, such as desertification, glacial retreat, increasing temperatures, land and forest degradation, loss of biodiversity, ocean acidification, salinization, and sea level rise can force people to leave their homes for various reasons.[14] One of the most often discussed ways climate change can lead to displacement is by the increasing frequency and intensity of sudden disasters taking place, such as storms or floods; these can destroy or damage homes and other essential infrastructure. People also can be displaced if their habitual sources of food or water disappear; because the land they live on becomes uninhabitable; or because they no longer are able to make a living through their usual income

Box 1: Unknown Scale of Displacement Linked to Climate Change Effects

It is more difficult to identify incidents of displacement associated with the slow-onset effects of climate change than displacement resulting from the sudden onset of disaster events.[a] The former usually is the result of a combination of factors, many of which are shaped by human action and decision making. Each household's coping capacity will determine the moment in which they reach the point when staying in their home presents more challenges or risks than leaving. This means that in communities affected by the slow-onset effects of climate change, displacement often occurs at an equally slow pace, family after family, over years of struggle. Such small-scale displacement usually goes unrecorded by authorities, as does much small-scale displacement in the context of other disasters.[b]

In addition, displacement occurring in the context of climate change can be hard to distinguish from voluntary migration. If a person leaves their home area because they can no longer earn enough money from their agricultural activity or from tourism, for instance, as a result of environmental degradation, this would likely be recorded as economic migration—if recorded at all. Underlying drivers that resulted in their loss of livelihoods and subsequent movement, such as desertification and loss of biodiversity or ocean acidification, usually remain invisible.

Developing effective responses to displacement linked to climate change requires an understanding of the available data and its limitations. Acknowledging these factors is key to initiating actions that address not only the immediate but also the deeper systemic causes of displacement.

[a] IDMC. n.d. Addressing Internal Displacement in the Context of Climate Change. Geneva: IDMC. https://api.internal-displacement.org/sites/default/files/publications/documents/IDMC_SlowOnsetTypology_final.pdf.

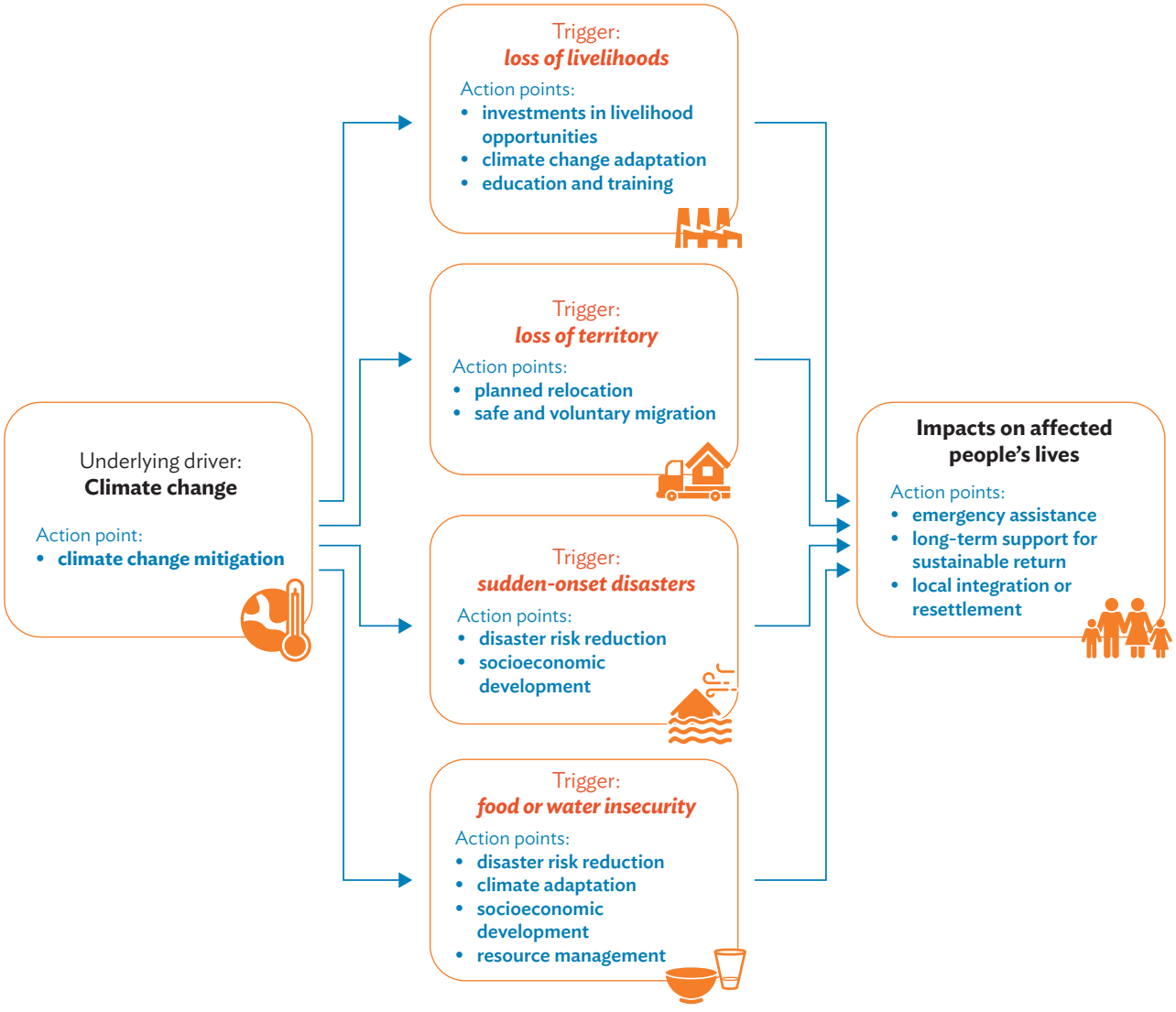
[b] IDMC. 2019b. Disaster Displacement: A Global Review, 2008–2018. Geneva: IDMC. https://api.internal-displacement.org/sites/default/files/publications/documents/201905-disaster-displacement-global-review-2008-2018.pdf.

source. The data on the scale of displacement applied to this report only covers one angle, the angle that relates to the sudden onset of disaster events. Measures relating to the scale of displacement linked to climate change effects are underestimated.

Action to address displacement linked to disaster and climate change can still be taken with but a partial knowledge of their scale. Understanding how displacement can result from such events will bring to light ways in which to provide solutions at every step of the process (Figure 1).

It is worthy to note that while humanitarian responses are essential for addressing immediate needs, it is development finance that will provide for long-term resilience. Support for climate change mitigation and adaptation, disaster risk reduction, and socioeconomic development falls within the expertise and financing of MDBs, which will provide them the strategic advantage of addressing displacement in the context of climate change and disaster events. The various ways by which they have invested or could invest in terms of this issue are discussed in the following chapter.

Figure 1: Process of Displacement in a Context of Climate Change and the Potential Action Points



Source: Internal Displacement Monitoring Centre.

Part 2

Displacement Linked with Disasters and Climate Change in Asia and the Pacific

Houses destroyed by Typhoon Haiyan in Palo, Leyte, left thousands displaced, highlighting the need for rehabilitation and recovery efforts.

Evidence of the displacement impacts on development in Asia and the Pacific in the context of disasters and climate change is compelling. It constitutes opportunities for governments and MDBs to invest in seeking solutions to prevent future displacements.[15] The region, itself, accounts for most of these displacements on a global level, with 177 million reported during the 2014–2023 period—or 74% globally.[16] Weather-related hazards, such as monsoon rains, floods, storms, and tropical cyclones, have been responsible for 92% of all disaster displacements over the past decade. Although less frequent, geophysical events, such as earthquakes, tsunamis, and volcanic eruptions, have triggered an estimated 13.6 million internal displacements, equivalent to 8% of the total. Millions of these displacements are in the form of pre-emptive evacuations—a testament to increased efforts in disaster preparedness by governments. Nonetheless, recurring and destructive hazards force people to repeatedly flee, sometimes for prolonged periods. At the end of 2023, the Internal Displacement Monitoring Centre (IDMC) estimated that 5 million people were living in a situation of internal displacement resulting from disasters across the region. As explained in the section above, the number of displacements linked with the slow-onset of disasters (e.g., droughts, extreme temperatures) are mostly underestimated or unrecorded, while that linked to climate change events (e.g., loss of territory, livelihood, food, and water) tend not to be captured.

Volunteers teach children at a relief camp in Thatta, Pakistan, where displaced families are sheltered by the Pakistan Navy.

Southeast Asia

Southeast Asia, a subregion of Asia and the Pacific, records the highest number of disaster displacements over the past decade, totaling 58.7 million movements from 2014 to 2023—one-third of the total on a global basis. Various Southeast Asian countries are the most hazard prone, with many along the Pacific's Ring of Fire and Typhoon Belt. Tropical cyclones and other storms have prompted nearly 70% of total disaster displacements in the subregion in the past decade, followed by floods (24%) and earthquakes (4%).

The Philippines is, by far, the country most affected in Southeast Asia, with nearly 43 million disaster displacements having occurred between 2014 and 2023. It experiences 5–10 destructive tropical cyclones each year, making it one of the countries most at risk of extreme weather events in the region as well as globally.

The risk and impacts of disaster displacement are heightened in several of these subregional countries as urbanization brings high population density to hazard-prone areas and where low levels of socioeconomic development increase the vulnerability of communities. Harmful human activities and the effects of climate change are expected to increase the risk of displacement, evidence of which is now at the fore in some cases. For instance, in Indonesia, land degradation and deforestation are said to have played a role in the January 2023 flooding in the province of Aceh, causing almost two-thirds of the 184,000 flood-related movements, alone, recorded that year.[17]

East Asia

In addition to high population exposure through increasing urbanization in hazard-prone areas, East Asia is vulnerable to a range of threats, including storms, floods, earthquakes, and tsunamis, all of which will create displacement risk hotspots. Around 28% of the total number of such displacements in the Asia and Pacific region between 2014 and 2023 (49.9 million) occurred in East Asia, with the People's Republic of China recording 46.6 million. Nearly half of these were caused by tropical cyclones and other storms, with 46.5% as a result of floods. Earthquakes—primarily in the People's Republic of China and Japan—accounted for around 3%. The Great East Japan Earthquake that caused the tsunami that hit the Fukushima Prefecture in March 2011 was significant, not only as a result of the high death toll and damage to housing and infrastructure, but also because it led to a high number of protracted displacements. The disaster triggered as many as 492,000 displacements. A study carried out by IDMC in 2017 estimates that as many as 134,000 people continue to be scattered 6 years following the event.[18]

East Asia also experiences slow-onset hazards, (e.g., droughts, *dzuds*,[iii] extreme temperatures, glacial melting, and desertification), all of which prompt the displacement of people, particularly to underdeveloped settlements in the cities which, in turn, increases unplanned and hazard-prone urbanization. Such movements, however, mostly go under- or unrecorded.

[iii] A *dzud* is a Mongolian term that describes severe winter conditions, a cold-season disaster in which anomalous climatic (i.e., heavy snow and severe cold) and/or land-surface (e.g., snow/ice cover, lack of pasture) conditions lead to reduced accessibility and/or availability of forage/pastures and, ultimately, to high livestock mortality during the winter to spring months.

South Asia

South Asia accounted for approximately 28% of disaster displacements in the Asia and Pacific region in the 2014–2023 period (49.7 million). Floods, storms, and earthquakes in Bangladesh, India, Nepal, Sri Lanka, and various other subregional countries cause mass displacement each and every year. In fact, all South Asian countries tend to be exposed to multiple hazards, causing shifting populations. Bangladesh, India, Maldives, and Sri Lanka are facing rising sea levels, floods, changing rainfall patterns, heat stress, landslides, drought, and desertification. Bhutan and Nepal face melting snow and glacial retreat, while Nepal is affected by avalanches in mountainous regions, severe earthquakes, and flooding.

South Asia is one of the most seismically active areas in the world, and with urban growth, its insufficient building regulations, and lack of regulatory enforcement, populations have become more vulnerable. Earthquakes have triggered 5.6% of all disaster displacements in the subregion over the past decade, most of which are a result of the 2015 Gorkha earthquake in Nepal. Most displacements, however, are caused by floods, particularly during the monsoon season. Storms also have generated nearly 19 million displacements. Since climate change is contributing to more prolonged monsoon seasons and sea level rise is causing more devastating storm surges, the risk of displacement is expected to increase further in the coming years.[19] Low levels of socioeconomic development and high population growth in hazard-prone areas, including in various megacities (e.g., Dhaka and Mumbai), also drive the risk of subregional displacement.

Central and West Asia

Countries across Central and West Asia are confronted with a wide range of hazards, including floods and flash floods, storms, drought, and earthquakes. These related to 10% of the region's total (17.5 million) disaster displacements in the 2014–2023 period, with the highest numbers taking place in Afghanistan, Pakistan, and Türkiye. The subregion has experienced an exceptional 31.5% of all disaster displacements over the past decade linked with earthquakes. This is the result of the earthquakes that struck Türkiye in February 2023, which triggered four million movements, making them the largest disaster displacement event of the year globally.[20] The intensity of earthquakes, age of some buildings, and noncompliance with construction standards have contributed to impact severity. Tens of thousands of homes were destroyed and many of the damaged buildings still standing have had to be demolished, prolonging the plight of many.

Floods accounted for most of the remaining disaster displacements, with a total of 11.3 million movements recorded in the subregion during the 2014–2023 period. In Pakistan, the devastating floods of 2022 led to approximately 780,000 destroyed houses and more than 1.27 million that were partially damaged.[21]

Droughts also resulted in 419,000 displacements over the same period, mostly in Afghanistan—a phenomenon that is expected to increase with climate change. The subregion will face cascading impacts from disasters causing water scarcity, food insecurity, and conflicts—all of which fuel the risk of displacement.

The Pacific

Across the Pacific, 865,000 disaster displacements were recorded between 2014 and 2023. Around 58% of them were caused by tropical cyclones and other storms and 15% were the result of floods. About 8% were caused by earthquakes and 7% by volcanic activity, bringing the share of disaster displacement caused by geophysical hazards to an exceptionally high 15.6% for the subregion. Wildfires caused another 10%.

Lack of systematic reporting of disaster displacement in the Pacific indicates that the above figures may be an underestimation, shrouding a significant segment of a phenomenon that requires urgent attention in the face of multiple challenges. The South Pacific tropical cyclone season—from November to April—brings, on average, four to six tropical cyclones annually, displacing thousands of people every year. The variety of threats that regularly impact the subregion; the low levels of socioeconomic development in small island developing states; and the remoteness of many archipelagos make it particularly difficult to manage the risks and impacts of disaster displacements in the Pacific. In terms of high-income countries, Australia and New Zealand are also affected to an extent.

Climate change poses an existential threat for some Pacific islands that could cause their populations to move not only internally but also across borders. This is the case in Kiribati, for example, where a 1-meter sea level rise could inundate two-thirds of the country, forcing communities to relocate.[22] With about half their population living within 10 kilometers of the coast, Pacific Island countries are at risk of slow-onset events, such as coastal erosion, saline intrusion, and sea level rise, all of which have the potential to cause large-scale displacement and severe development challenges.

Given these regional displacement dynamics, an understanding of financial instruments and their strategic application is critical for effective response and long-term resilience. Financing mechanisms must be designed to reflect the unique challenges and displacement drivers of each region to ensure strategies for action are well targeted and effective.

The Marshall Islands face increasing risks of displacement due to climate change and rising sea levels, highlighting the urgent need for adaptation measures to protect vulnerable communities.

Part 3

Development Impacts of Displacement Linked with Disasters and Climate Change in Asia and the Pacific

Cyclone shelter under construction at Patuakhali, Bangladesh, featuring a ramp and rainwater harvesting system to support displaced communities and enhance resilience to future disasters.

While the economic cost of disaster occurrences is frequently estimated in the form of destroyed or damaged housing and infrastructure or loss of productivity, the costs and losses associated with disaster displacement, however, are little known.[23] The consequences of large-scale, protracted, or repeated population displacements can slow down, or even reverse, socioeconomic development.[24] IDMC's Disaster Displacement Risk Model estimates that 9.5 million people, on average, could be displaced by storm surges, riverine floods, earthquakes, cyclonic winds, and tsunamis in the Asia and Pacific region in any given year in the future.[25] The limitation of existing data on disaster displacement implies that this figure, however impressive, is largely underestimated. At present, the figures overlook current and future displacement linked with slow-onset disasters and climate change, as discussed above.

A rare assessment of displacement risks linked to riverine flooding in Fiji and Vanuatu under various climate change scenarios provides a sense of the potential scale of such phenomenon in coming years.[26] Optimistic climate change scenarios suggest that the average number of annual displacements linked with riverine floods will double in both countries by 2060, as well as triple under more pessimistic scenarios, the latter of which further suggests that rare devastating events, which now happen on average once every 250 years, will likely occur every 5–25 years at the end of the century.[27]

While every country around the world is affected by displacement linked with disasters and climate change, lower-income countries are least equipped to cope with the economic consequences, which can amount to a significant proportion of gross domestic product. In 2023, 75% of all disaster displacements recorded in Asia and the Pacific occurred in ADB's DMCs.[28] Within the past decade, from 2014 to 2023, 65% of all disaster displacements in the region occurred in low- and lower middle-income economies, 33% in upper middle-income economies, and less than 2% in high-income economies. This imbalance is particularly relevant to the role of MDBs in supporting affected countries whose limited resources will be insufficient to cover the extent of the various costs and losses associated with displacement.

Immediate Needs

Displacement creates immediate needs, such as transportation and housing that require payment by IDPs themselves, as well as by their host communities, governments, and humanitarian organizations. The cost of providing IDPs with support for housing, health care, education, and security, as well as accounting for their loss of income, is estimated in billions of dollars, globally, for each year of displacement.[29] In 2021, IDMC estimated the economic impact of disaster displacement in Afghanistan to be over $418 million for 1.4 million IDPs.[30] In Myanmar, the amount was estimated at $784,000 for 1,400 people recorded to be displaced by disasters at the end of 2021.[31] The 2022 floods in Pakistan caused $14.9 billion in damages, $15.2 billion in economic loss, and at least $16.3 billion in rehabilitation and reconstruction needs.[32] Following the Central Sulawesi earthquake in Indonesia in 2018, humanitarian organizations requested nearly $22 million to provide emergency shelter and nonfood items to 62,500 people, for camp coordination and management, and to transport IDPs to areas where they could access basic services.[33] Variations in the economic impact per IDP depend on their various needs and the cost of meeting them in several contexts. These figures are likely underestimated, as they do not account for financial impacts on host communities, local and national authorities, or the displaced communities.

Impacts on Economic Productivity

In addition to emergency needs, the ability of displaced people to earn a living and contribute to the economy is usually compromised, at least temporarily. A 2022 survey of people displaced by recurring floods in Jakarta, Indonesia, showed that many were unable to work for several days due to their having to repair the damage to their homes.[34] With 9.5 million people, on average, likely to be displaced by disasters in the region in any given year in the future, and an average daily gross domestic product per capita of $29 across the region, the estimated loss would amount to $275.5 million if every one of them is unable to work for only 1 day.[35]

During the 2019–2020 Black Summer bushfires in Australia, the economic loss resulting from a displaced person missing just 1 day of work was estimated to be approximately $510.[36] With around 65,000 displacements and thousands of houses destroyed, likely resulting in long-term displacements, the total amount lost in IDP work quickly adds up to millions of dollars.

The impacts on economic productivity can be long-lasting. An assessment linked to sea level rise near Port Moresby in Papua New Guinea indicates that 17% of displaced respondents lost their income entirely or became unemployed upon their displacement, and 88% of them remained without income for more than a year.[37] A study conducted in 2022 of the Sindhupalchok District in Nepal discovered that two-thirds of those displaced as a result of the 2015 Gorkha Earthquake had not only lost their jobs but also remained unemployed 7 years following the disastrous event.[38] Those who were able to continue or to find work in 2022 were earning, on average, around half of the income earned by those who had not been displaced by the event.

The case, therefore, stands for emergency assistance to be provided to IDPs in the wake of a disaster, as well as immediate recovery efforts and the necessary support to be carried out. This should help to limit any long-term repercussions on social services and the economy.

Long-Term Developmental Impacts on Affected Communities

Development is not limited to economic productivity. The effects of disaster displacement on the health, welfare, and education of the affected population goes beyond financial loss in terms of development. It not only impacts on human development but also on future opportunities for growth.

In the Sindhupalchok District of Nepal, the above-mentioned study[39] indicates that the education of 85% of displaced children following the 2015 Gorkha earthquake was interrupted, with 17% for more than 1 year. This educational gap can have enduring consequences for socioeconomic development, given that the same study discovered that lower educational levels in the community are linked with lower employment and income rates. Another survey of a community displaced by volcanic activity on Ambae Island, Vanuatu, shows that 81% of the boys and 73% of the girls experienced an educational interruption because of displacement, more than half of them for 1 to 3 months.[40]

Repeated assessments have shown that internally displaced children regularly experience an interruption in their access to school upon leaving their homes, from a few weeks to several months, sometimes even for years.[41] Some of those children facing overlapping vulnerabilities (e.g., living in low-income families or with disabilities) will drop out of school permanently and will never recover from their displacement experience. This will affect their future development outcomes.

While in the health sector, emergency health care is often provided to IDPs as part of the humanitarian response following disaster events, the long-term investments remain rare.[42] Under certain conditions, displacement can have an enduring effect on the physical and mental wellbeing of those affected. Diarrhea, food poisoning, dizziness, and stomach pains are common afflictions in the slum

settlements of Chattogram City and Goalanda District in Bangladesh, where many displaced people have found refuge following the disaster events that affected their homes and livelihoods.[43] A survey of people displaced by the 2015 Gorkha earthquake in Nepal found that one-third of female respondents and around one-quarter of male respondents reported feeling worried, nervous, angry, or sad more often than ever following their displacement, with people having been displaced multiple times and who are living with a disability having reported higher rates of psychosocial impact.[44] In the case of large-scale displacement, the consequences also affect the host community, with the sudden overcrowding of health facilities, burden on the quality of health services, and increasing health costs for all.[45] However, were there to be an investment to increase the health care capacity in the host areas, both communities would benefit, thus presenting an opportunity for socioeconomic development in situations that are adequately managed and resourced.[46]

The global debate on the loss and damage caused by climate change takes into consideration displacement and its associated economic and noneconomic consequences.[47] The resulting effects on education, health, social networks, cultural heritage, and the environment can have severe repercussions on socioeconomic development in the short, medium, and long terms, whereby it is essential to seek solutions.

Volunteers from nearby towns unload relief packs and sacks of rice to support families displaced by Typhoon Ulysses in Rodriguez, Rizal, Philippines, highlighting community-driven efforts to assist those affected by the disaster.

Part 4

Leveraging Development Financing for Solutions to Displacement

A low-cost housing village built through the Neighborhood Upgrading and Shelter Sector Project in Bau Bau, Southeast Sulawesi, Indonesia, contributing to critical housing needs, which is a key component of comprehensive strategies to address disaster displacement.

In spite of the close relationship between internal displacement and development, the former not always has been explicitly addressed in global development agendas (e.g., 2030 Agenda for Sustainable Development and the Sustainable Development Goals).[48] Many of the actions under the agendas, however, contribute only indirectly to mitigating the risks of displacement. Recently, however, multilateral organizations have become more explicit in acknowledging the close relationship between displacement and development, particularly in the context of climate change and disaster events.[49] With increasing awareness of development outcomes and a better understanding of the role in which development is able to address displacement and its risks, the next step will be to secure the necessary financing.[50] The United Nations Secretary-General's Action Agenda on Internal Displacement,[51] which built on the recommendations of the High-Level Panel on Internal Displacement, recognizes that progress can only be achieved with the collaboration of multilateral organizations, the affected communities, national and local authorities, civil society, the private sector, and donors and development finance stakeholders. In its recommendation on financing for solutions, the report calls for donors and international financial institutions, including MDBs, to put in place the necessary measures and related financing to address internal displacement in a proactive and systematic manner as part of development financing.

MDB development mandates take into account the use of development finance to (i) reduce the risk of displacement, (ii) respond to the immediate needs of displaced people and host communities to reduce the negative consequences of their displacement on socioeconomic development, and (iii) invest in longer term planning in areas of origin or destination to support lasting solutions to displacement. Examples of such interventions are presented below and can take various forms, from structural support for physical infrastructure to nonstructural support for service delivery or policymaking. In all cases, these interventions must be anchored in the national development architecture, from national and subnational development plans to public budgets, climate change mitigation and adaptation plans, and disaster risk reduction strategies.

River erosion along the Bhairov River in Devbhog-Sheikh Hati, Narail, displaces families every year. Farmer Goutam Das shared that they have had to relocate their home in previous years due to erosion and fear they will have to move again if it continues. This highlights the ongoing displacement risks posed by recurring erosion.

Integrating Solutions into the National Development Architecture

For MDBs to finance displacement-related initiatives, displacement must first be identified as a development priority. How and where the needs are articulated will vary depending on the type and level of displacement. In situations of significant displacement or such risk, a national approach could be established in the country's national development plan, drawing from international and regional commitments (e.g., Sustainable Development Goals, Sendai Framework for Disaster Risk Reduction, and Paris Agreement, among others). In other contexts, including displacement needs within sector plans, medium- and long-term climate adaptation strategies and national disaster risk management plans can provide important reference points to guide action and finance. When the issue is embedded in the national development architecture, it then can be systematically addressed by approaches and solutions for broader development, such as those posed by urbanization and rural development, while ensuring that specific, tailored measures that address disaster displacement are not overlooked.

In Asia and the Pacific, many countries already consider displacement in their national policy architecture, and several examples of comprehensive and innovative national strategies and plans can serve as the basis for investments by MDBs.[52] Fiji's National Climate Change Policy 2018–2030 and its National Adaptation Plan, for instance, recognize the impacts of climate change on displacement and call for targeted action to protect communities most at risk. In parallel, Fiji's National Planned Relocation Guidelines establish processes to address the risk of climate and disaster-driven displacement in a participatory and sustainable way (Box 2).[53] Vanuatu's National Policy on Climate Change and Disaster-Induced Displacement is another notably comprehensive and well-structured framework.[54]

The Philippines National Disaster Risk Management Plan for 2020–2030 and the National Climate Change Action Plan for 2011–2028 also include measures to prevent displacement.[55] The National Disaster Management Plan of India, updated in 2019, recognizes disaster displacement and the need to prevent subsequent displacement when responding to disasters.[56] The 2012 National Climate Change Policy of Pakistan acknowledges displacement as a result of the effects of climate change and includes prevention measures.[57]

In some countries, displacement-specific national policies, strategies, or plans have been developed; these can set out a clear way forward for addressing displacement considerations across sectors in an approach that is coordinated, coherent, and collectively owned. This is the case, for instance, in Bangladesh (Box 3), whose approach not only helps in comprehensively addressing the drivers and impacts of displacement, but also enables MDBs to provide targeted financial and policy support, ensuring that efforts to reduce displacement risks are effectively aligned with national and international financing strategies.

Box 2: Fiji's Planned Relocation Guidelines —A Step Toward More Inclusion and Coordination

In 2018, Fiji developed guidelines for the planned relocation of communities that are highly vulnerable to the impact of climate change.[a] They were followed in March 2023 by standard operating procedures to help operationalize the voluntary, planned, and coordinated relocation of these communities.[b]

The guidelines call for a rights-based, community-led, transparent, and sustainable process that aims to limit the negative impacts on the livelihood and well-being of communities that relocate. They urge the inclusion of a diverse group of stakeholders including women, older people, and people with disabilities throughout the relocation process. The guidelines also recognize the potential impact on host communities and the need to address this through support and infrastructure development in host areas.

Subsequent standard operating procedures were developed through extensive consultation involving various stakeholders, including government agencies, nongovernment and civil society organizations, academic institutions, the private sector, regional organizations, and international development partners. They establish specific institutional arrangements for implementation, monitoring, and evaluation, and they identify funding sources. These include Fiji's Climate Relocation of Communities Trust Fund, established in 2019, and direct support by government agencies to the activities that align with their own work programs and sectoral priorities.

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[a] Government of Fiji. 2018b. *Planned Relocation Guidelines: A Framework to Undertake Climate Change Related Relocation*. Suva: Ministry of Economy, https://fijiclimatechangeportal.gov.fj/wp-content/uploads/2022/01/Planned-Relocation-Guidelines_Fiji.pdf.

[b] Government of Fiji. 2023. *Standard Operating Procedures for Planned Relocation in the Republic of Fiji*. Suva: Office of the Prime Ministry. https://fijiclimatechangeportal.gov.fj/wp-content/uploads/2023/04/Standard-Operating-Procedures-for-Planned-Relocation-in-the-Republic-of-Fiji-1.pdf.

Recent analysis by the Organisation for Economic Co-operation and Development (OECD) found that only one-third of countries refer to displacement when detailing their medium- and long-term climate adaptation priorities and strategies, either in their national adaptation plans or in their nationally determined contributions.[58] For developing countries, these documents set out their priorities relating to climate finance and technical assistance. As noted by the OECD, where national adaptation plans and nationally determined contributions address displacement, there is a lack of concrete commitment, objectives, and tangible actions, and they rarely make a connection between

Box 3: Bangladesh's National Strategy on Internal Displacement Management and Action Plan

In 2021, the Ministry of Disaster Management and Relief of Bangladesh adopted its National Strategy on Internal Displacement Management, following up in 2022 with a corresponding National Action Plan (2022–2042) to implement it. The documents establish a rights-based and integrated approach to address the three phases of displacement: prevention, protection, and durable solutions.

The government developed a dedicated strategy with specific objectives to adopt preventive and adaptive measures to minimize the internal displacement triggered by climate-related disasters; develop sector programs for the creation of conducive environments for safe, voluntary, and dignified return/reintegration or relocation/resettlement of climate change-induced internally displaced persons; and ensure effective and efficient management and access to entitlements, as well as promote livelihood opportunities and the overall human development of climate change-induced internally displaced persons.[a] This comprehensive strategy considers various solutions to displacement, including return, reintegration, and resettlement, with support for housing, livelihoods, and community infrastructure, as well as efforts to mitigate potential conflict with host communities.

The strategy also emphasizes the need to better understand displacement risk to support decision making through disaggregated data and to ensure that the specific needs of particular groups of internally displaced persons (e.g., women, children, and people with disabilities) are met. It also recommends that displacement questions be included in the national census as well as in other national surveys and assessments.

The action plan sets out the requirements to include the disaster and climate-induced internal displacement issue as an integral part of the government's strategy; to establish a National Task Force on Displacement, an inter-ministerial and inter-agency body to support the implementation of the strategy; and to create the Displacement Trust Fund to sustainably finance strategy implementation with funding from the national budget. Finally, an oversight mechanism will be established under the Ministry of Disaster Management and Relief to monitor and evaluate implementation of the strategy.[b]

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[a] Government of Bangladesh. 2021. *National Strategy on Internal Displacement Management.* Dhaka: Ministry of Disaster Management and Relief. https://www.rmmru.org/newsite/wp-content/uploads/2022/02/National-Strategy-on-Internal-Displacment_English-version.pdf.

[b] For further information on the various related documents, see IDMC. 2012–2024. *Bangladesh National Strategy on Internal Displacement Management (2021) - National Action Plan (2022-2042) to Implement the National Strategy on Internal Displacement.* Geneva: Internal Displacement Monitoring Centre. https://www.internal-displacement.org/good-practice/?id=26.

displacement and its economic and noneconomic consequences, including in the context of loss and damage. Climate finance—and more specifically, climate financial intermediary funding (e.g., Green Climate Fund, Climate Investment Funds, Adaptation Fund, and Fund for Responding to Loss and Damage)—can be applied by countries to reduce the risks of displacement through adaptation and in support of resilience-strengthening efforts. This, however, will require that the disconnect between forced displacement, national adaptation priorities and strategies, and climate finance be resolved if solutions are to be advanced.

In countries where displacement-specific or displacement-inclusive policies and frameworks are not yet in place, but the government expresses interest in integrating displacement in its development architecture, MDBs can provide technical assistance to develop the guidelines and frameworks to address the specific drivers, impacts, and risks of displacement.

Evidence-Based Financing for Solutions

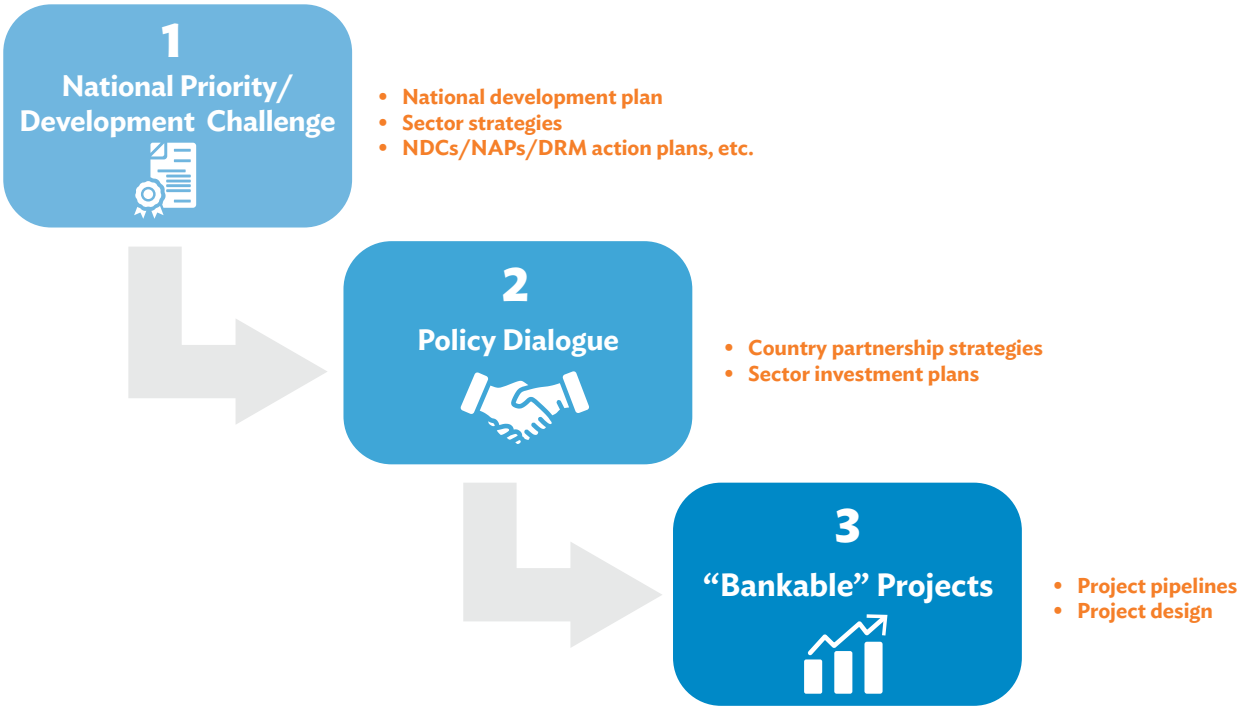
By reflecting displacement, or displacement risk, as a development priority, it signals to MDBs that the government has identified and assessed it as a development challenge and is proactively seeking to address it, including by requesting MDB support in doing so. Inclusion of displacement in a country's development architecture will provide a clear entry point at which MDBs can respond with financing and policy support by way of project pipelines that are based on strategic partnership dialogues.

Support for priorities relating to displacement should be based on an estimation of the current and future impacts of displacement and identifying the necessary funding, as well as a potential return on investment in terms of medium- and long-term development outcomes. Consequently, for a project to be considered "bankable" by MDBs, it must not only be evidence-based, but it also must clearly demonstrate its viability in effectively addressing the identified needs and impacts (Figure 2).

Despite the critical importance of data in guiding financing decisions, however, there are many data gaps on the scale and impacts of internal displacement linked with disasters and climate change, particularly the long-term impacts on socioeconomic development. Despite these challenges, existing data sources nevertheless can serve as a first step for funding responses or as a basis for further analyses.

The Asia and Pacific region includes several countries with disaster displacement monitoring systems that are considered of high quality. This includes Indonesia's National Agency for Disaster Countermeasure and the Philippine Disaster Response Operations Monitoring and Information Center (Box 4). An assessment of 65 economies

Figure 2: From Intent to Action—The Process of Prioritizing Displacement in Public Policy to Investments



NDCs = Nationally Determined Contributions, NAPs = National Adaptation Plans, DRM = Disaster Risk Management.

Source: Asian Development Bank.

Box 4: The Philippines' Disaster Response Operations Monitoring and Information Center

The Philippines is one of the countries most affected by disaster displacement on a global scale. Ensuring that adequate services, including protection and psychosocial support, are delivered to disaster-affected areas and to internally displaced persons (IDPs) requires actionable data to inform policy and operations for disaster risk reduction as well as solutions to internal displacement that are durable. The Disaster Response Operations Monitoring and Information Center (DROMIC), established in 1994, monitors and produces situation reports on events while capturing valuable information on disaster response trends, including displacements, community vulnerabilities, and local capacities. Three specific indicators on displacement are collected in these reports: cumulative displacements in evacuation centers as well as outside (including preemptive evacuations); number of IDPs (also referred to as stocks) in evacuation centers and outside; and number of destroyed housing. In 2019, clear guidelines were established under the 2010 Philippines Disaster Risk Reduction and Management Act to enhance and systematize DROMIC disaster monitoring and reporting, thus providing the foundation for standard operating procedures on when and how to collect information on key aspects of displacement.[a]

The displacement data compiled by DROMIC has improved preparedness for disaster displacement in a number of ways.[b] It has helped the Government of the Philippines to identify IDPs and monitor the delivery of assistance. It also has been used to plan for future needs, such as by identifying the need for pre-positioned relief items, detecting families that require special assistance, and anticipating the need for livelihood support during displacement. For example, the experience from the devastating 2013 Typhoon Haiyan allowed for better preparatory action toward a similar disaster, as in the case of Typhoon Rai in 2021. It took more than a year for many IDPs to return to their homes after Typhoon Haiyan, but the pace of returns after Typhoon Rai was much faster. A specific rehabilitation and recovery plan was implemented in Western Visayas, the region where most displacements were reported following the Haiyan and Rai disasters. This plan was instrumental in ensuring swift response to the disaster, informed by displacement data collected in a timely and efficient manner.[c]

[a] Government of the Philippines. 2019. Disaster Response Operations Monitoring and Information Center Reporting Guidelines. Memorandum Circular No. 20, Series of 2019. Manila: Department of Social Welfare and Development. https://www.dswd.gov.ph/issuances/MCs/MC_2019-020.pdf.

[b] Empamano, A. 2019. *Working Together Better to Prevent, Address and Find Durable Solutions to Internal Displacement.* G20. Geneva: International Organization for Migration. https://gp2point0.org/wp-content/uploads/2023/03/Philippines_Disaster-displacement-data-from-preparedness-to-recovery.pdf.

[c] IDMC. 2012–2024. Disaster Response Operations Monitoring and Information Center's Structured and Comprehensive Reporting of Displacement Impacts. Geneva: Internal Displacement Monitoring Centre. https://www.internal-displacement.org/good-practice/?id=96.

in the region, however, indicates that as of 2021, almost half were not reporting on any of the following key indicators: number of people pre-emptively evacuated, number of people displaced during and after a disaster, number of houses destroyed, and duration of displacement.[59] Only four countries were reporting on all four indicators. The duration of displacement was the most significant gap, with only 5 countries systematically reporting on this, and a further 10 providing only partial data. Additional analysis highlights the lack of disaggregated sex and age data in all but three countries, the latter for which there was a significant gap when planning support and solutions for all IDPs.

In countries where the national data systems do not collect information on displacement, other sources may be called upon. These include IDMC's Global Internal Displacement Database and the International Organization for Migration's Displacement Tracking Matrix.[60]

In assessing the displacement risk in pre-displacement scenarios, a significant challenge arises in terms of quantifying the losses that could be prevented and the value of the impact of displacement. This challenge often hampers the ability to create a compelling business case for investing in reducing the risks, which is essential in order to secure MDB financing. Enhancing the data collection,

modeling, and impact assessment methodologies can help overcome these challenges and ensure better alignment with MDB support strategies. Several countries in the region (e.g., Cambodia, Indonesia, Viet Nam) have engaged in exercises to assess past and potential disaster losses, including those based on national disaster loss accounting systems. These assessments could be applied as a basis for estimating displacement and its associated costs. For information that is not available, other disaster and displacement risk models may be able to provide evidence to claims of future impacts. In addition to IDMC's Disaster Displacement Risk Model, other organizations have explored various modeling techniques to assess the likelihood of displacement. These include ETH Zurich's CLIMADA initiative, which estimates the expected number of people displaced in addition to economic damage due to climate change; and the Potsdam Institute for Climate Impact Research (referred to as PIK),[iv] which applies the FLODIS dataset that links to estimates of flood-induced displacements, fatalities, and economic damages.[61]

Information on the current and future scale of displacement should be complemented with estimates on the cost of providing temporary shelter, food, and nonfood items and other services to IDPs in the immediate aftermath of their displacement. These estimates are highly context-specific and will depend on the cost of these items in the affected areas, as well as on existing infrastructure, such as emergency shelters, warehouses with humanitarian aid, and tents or hotels that may be used in times of crises.

Furthermore, an estimation of funding requirements to provide solutions to people displaced for longer periods of time is a more complex task, since it will depend on the number of people unable to return home within a few days from a disaster and on the challenges that will prevent them from returning home or integrating elsewhere. The IDMC's Disaster Displacement Risk Model provides two metrics for over 200 countries and territories: the average number of protracted displacements likely to occur in any given year in the future, and the probable maximum number of protracted displacements expected to result from exceptional events. These figures represent the number of people unable to return home for weeks or more because of significant damage to their houses. Governments may use this information to assess the cost of repairing these houses and enabling IDPs to safely return. Other factors, however, may prevent people from returning home, even after their houses are deemed safe; for example, lack of livelihood opportunities if fields, factories, or other professional facilities have been damaged by the disaster; or lack of access to basic services such as education or health care, if the former infrastructure is damaged, or if teachers and health providers have fled the area. These barriers also should be assessed, with corresponding solutions costed out as part of the funding requirements to address displacement. In the case of longer-term displacement or situations where a return is not an option, support for local integration into other communities also must be considered. This can take the form of financial support to secure sustainable housing in host areas and assistance to find new sources of livelihood. People displaced from rural to urban areas, whose livelihoods depended on farming or fishing, for instance, may require specific trainings to adapt to the labor markets of cities.

Finally, funding requirements should also measure the cost of preventive measures, such as disaster risk reduction, climate change adaptation, and investments to diversify livelihood opportunities and provide resilient infrastructure in areas that are likely to be affected by hazards and subsequent displacement. In certain situations, when displacement seems inevitable (e.g., because sea level rise is expected to render islands or coastal areas uninhabitable), options such as planned relocation or other forms of safe and voluntary migration can be taken into account. Again, the cost of these interventions will vary depending on housing, land, and markets in the host areas, as well as the type of support required to assist IDPs in establishing a new home elsewhere. Here too, MDBs can support governments in obtaining the necessary information through investments in national data systems, including statistical offices, technical assistance, dedicated research grants, and MDB-led analyses.

[iv] For further information on the Potsdam Institute for Climate Change Research, see https://publications.pik-potsdam.de/pubman/faces/ViewItemOverviewPage.jsp?itemId=item_28650.

Community-Based Perspectives

While MDBs provide financing to governments, it is important to note that much of the assistance provided to IDPs is managed through nongovernment organizations or other multilateral development partner agencies. This is the case, for instance, with the National Urban Poverty Reduction Programme, which brings together the Government of Bangladesh and the United Nations Development Programme to support people displaced by disasters and climate change events in informal settlements across 11 city corporations and 8 municipalities throughout Bangladesh.[v] In Khulna City, where a particular project is being implemented, a key factor of success has been the involvement of the displaced communities in the decision-making process. The United Nations Development Programme provides funding to Khulna City Corporation, which then uses it to fund the priorities identified by the displaced communities themselves. The displaced will identify those vulnerable households within the settlement and will prioritize the needs (e.g., cyclone shelters, lights, fire extinguishers). The project also has supported IDP livelihoods through small business grants and apprenticeships, education, and a credit group.[vi] Bangladesh's Ministry of Disaster Management and Relief, with the support of the Platform on Disaster Displacement and various implementing partners (i.e., Refugee and Migratory Movements Research Unit and International Centre for Climate Change and Development in Bangladesh; and International Organization for Migration), is implementing components of its 2021 National Strategy on Internal Displacement (Box 3).[62] Under this project, the Refugee and Migratory Movements Research Unit is empowering IDPs to form their own organizations, referred to as Adaptation Rights Committees, in several unions of Satkhira District. These committees include, among key stakeholders, displaced men and women, people's representatives at the local level, opinion leaders, and teachers. They identify the challenges, such as lack of knowledge of the risks relating to disaster and displacement; lack of social networks and a voice; lack of knowledge of their legal status; and difficulties accessing services; among others. Once identified, the appropriate trainings are provided, as well as referral services to support the IDPs to sustainably integrate into their new community.

Allocating funds to community-driven and participatory projects, particularly in the most vulnerable and disaster-prone areas, is essential to ensure that local needs are adequately addressed. The High-Level Panel on Internal Displacement highlights the importance of involving IDPs and affected host communities, as well as the local authorities who often are on the front line.[63] The United Nations Secretary-General's Action Agenda further acknowledges that efforts to address internal displacement should encourage IDPs and host communities to actively participate in the decision-making process and to follow their guidance to meet the specific needs of those of different ages, genders, abilities, and diversity.[64] Participation by affected communities in the decision-making process also will provide them the means to become agents of change and will allow them to proactively identify their own approach to seeking solutions. For this to materialize, however, it will require specific mechanisms to be put in place to enable access to finance and to ensure representation (e.g., through IDP committees), in addition to providing the necessary capacity-building for local actors and authorities. Indeed, groups who are most affected by displacement are often those who face some form of marginalization or underrepresentation at the political level. The challenges they face in terms of integration, livelihoods, and human security put them at greater risk, for instance by being forced to live in hazard-exposed areas and limiting their ability to repair their home following a disaster event. They therefore are likely not to be adequately supported by blanket approaches; rather, they will require assistance that is tailored to their needs, for which they, themselves, are best positioned to inform. Such has been the case,

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[v] For further information and documents relating to this, see Livelihoods Improvement of Urban Poor Communities Project (accessed 2 October 2023).

[vi] Information collected by the report team through a research mission in Bangladesh in September 2023.

for instance, of various indigenous peoples and Pacific Islanders, who have been able to find solutions to their displacement predicaments (Box 5).

Microfinance initiatives and local development grants can empower communities to proactively address the challenges of displacement by building local resilience and capacity. MDBs, therefore, can provide liquidity to microfinance institutions. For example, ADB has channeled funding, as well as a credit guarantee, through the Palli Karma Sahayak Foundation (a Bangladeshi state-owned microfinance and development organization) to onlend to partner microfinance institutions working in regions with high climate risk.

Box 5: Finding Solutions for Displaced People from Atata Island, Tonga

In Tonga, people displaced from Atata Island by the tsunami that followed the Hunga Tonga Hunga Ha'apai submarine volcanic eruption in 2022 received rapid support from their government, which built new homes for them on the main island of Tongatapu. Most of the displaced have remained in their new location, where the houses they were provided are similar in size and often of better quality than their previous ones.[a] Many internally displaced persons, however, have reported severe consequences from the disaster event on their psychosocial well-being, affecting their social life and livelihoods. The most prevalent issue reported was that after having relied on a livelihood of fishing, using rainwater and solar power for their daily needs, and with no need for money, they are now unable to continue their traditional fishing activities in their new location on the main island. They are having to struggle to earn sufficient money to pay for their utilities. Despite the government having provided assistance to establish their bank accounts for the deposit of the grants allocated to assist them in starting new livelihoods, the transition to a cash-based economy has proved challenging to them. The strong personal attachment of Tongans to their land of origin makes it difficult for them to resettle elsewhere, despite government warnings, and pushes some to return to areas that continue to be prone to disaster.

In order to be sustainable and provide the displaced a sense of community belonging and acceptance, as well as cultural and spiritual lifestyle, there needs to be an investment in seeking solutions not only for housing and infrastructure, but also for their livelihood and immaterial aspects. By doing so will assist in their feeling more at home in their new environment.

[a] Information collected by the report team from a research mission in Tonga in July 2023.

Addressing the Root Causes of Displacement

One of the most effective ways to address displacement in the context of disasters and climate change is to invest in limiting the root causes. These include the destruction on housing and other infrastructure as a result of sudden-onset disasters; loss or slow deterioration of livelihoods due to climate change and environmental degradation; and associated food or water insecurity. Loss of territory through sea level rise, coastal erosion, and desertification, among other issues, represents a further trigger for displacement that, in some cases, could be mitigated by providing those affected with safer options (e.g. planned relocation). MDBs can support these efforts by funding government initiatives on climate adaptation, disaster risk reduction, and planned relocation. Such support is rarely identified as specific to displacement but, nonetheless, it plays a significant role in reducing it.

MDBs have extensive experience in investing in disaster risk reduction and strengthening community and systems resilience against natural hazards and disasters. ADB, for example, has financed over 470 grants, loans, and technical assistance projects between 2018 and 2023, within which has been embedded a disaster risk management component. In fact, over 45% of all projects financed by ADB in 2023 have featured an element relating to disaster risk management. This provides entry points to include measures to reduce displacement risk and invest in the resilience of vulnerable communities by reducing the impact of hazards (e.g., flood risk management, building embankments), enabling agriculture production (e.g., water irrigation, climate-resilient crops), facilitating market access (e.g., access roads, supply chains), promoting finance and risk transfer (e.g., credit, insurance), and governing risk (e.g., building codes, compliance, early warning), among others.[vii]

Forecast-based financing mechanisms also can be used to mitigate the risk of displacement and its negative consequences on people and on development. For example, the International Federation of Red Cross and Red Crescent project in Mongolia[65] was designed to support nomadic herders ahead of severe weather conditions by releasing funding prior to the hazard (*dzud*) occurrence. *Dzuds* are a climatic phenomenon, whereby a drought is followed by an extreme winter, known to cause significant livestock loss and the subsequent displacement of Mongolia's nomadic herder population. Herders have highlighted the issue of previous emergency responses having taken place too late, when the health of the animals, by then, had deteriorated beyond recovery. The Dzud Early Action Protocol was thus designed in order to effectively prevent the loss of livestock. A *dzud* risk map has been developed as an early warning tool that will aid in determining the distribution of unconditional cash transfers and animal care kits to related beneficiaries. Forecast-based financing has benefited a total of 3,000 herder households, to date, having initially taken place twice,

[vii] Based on internal ADB data. Accessed on 5 February 2024.

in 2017–2018 and in 2019–2020.[viii] The protocol has demonstrated its potential to reduce livestock deaths as well as assist nomadic herders to manage the impacts of climate change without losing their livelihoods or having to settle in urban areas.

MDBs can provide development financing that goes beyond an immediate response to a crisis as a means to strengthen resilience that will be long term. By leveraging their financial mechanisms, MDBs are uniquely positioned to support governments in addressing the underlying causes as well as the many and diverse challenges of disaster displacement. By providing financing mechanisms that are flexible and able to be adjusted to meet evolving needs, governments should be able to draw on regular market-based loans or, in the case of lower-income countries, concessional loans. Those in need of greater concessionality can use grant resources, albeit recognizing that these are limited and that governments face competing development priorities.

Given the constraints, the issue of displacement should be taken on board within sector projects. To do so will not only address the root cause of displacement; it also will benefit those who experience or are at risk of displacement. For example, the Coastal Towns Climate Resilience Project[ix] in Bangladesh, funded by ADB, seeks to strengthen the climate resilience of vulnerable coastal towns and enhance their ability to anticipate, absorb, accommodate, and recover from the effects of climate shock and stress. The project aims to develop the necessary infrastructure to build climate resilience that is in line with the Bangladesh Delta Plan 2100 and the Eighth Five-Year Plan relating to resilient urban development. The infrastructure investments will target the drivers of displacement, with the aim of improving urban flood risk management through stormwater drainage; and provide nature-based solutions for water body restoration and integrated waste management. They also will take into account those at risk by constructing cyclone shelters and other municipal infrastructure (e.g., emergency access roads) and by providing improvements to slum areas. To help vulnerable households— especially poor women—to cope with climate shocks and develop livelihood resilience, the project includes a climate risk assessment with the aim of diversifying livelihoods; providing resource mapping, employment matching, and livelihood trainings; and raising awareness of the risks of disaster. The project also aims to strengthen the capacity of *pourashavas* (local governments) to be, for instance, informed of urban development plans; and to digitize their tax records and billing systems in order to improve public financial management.

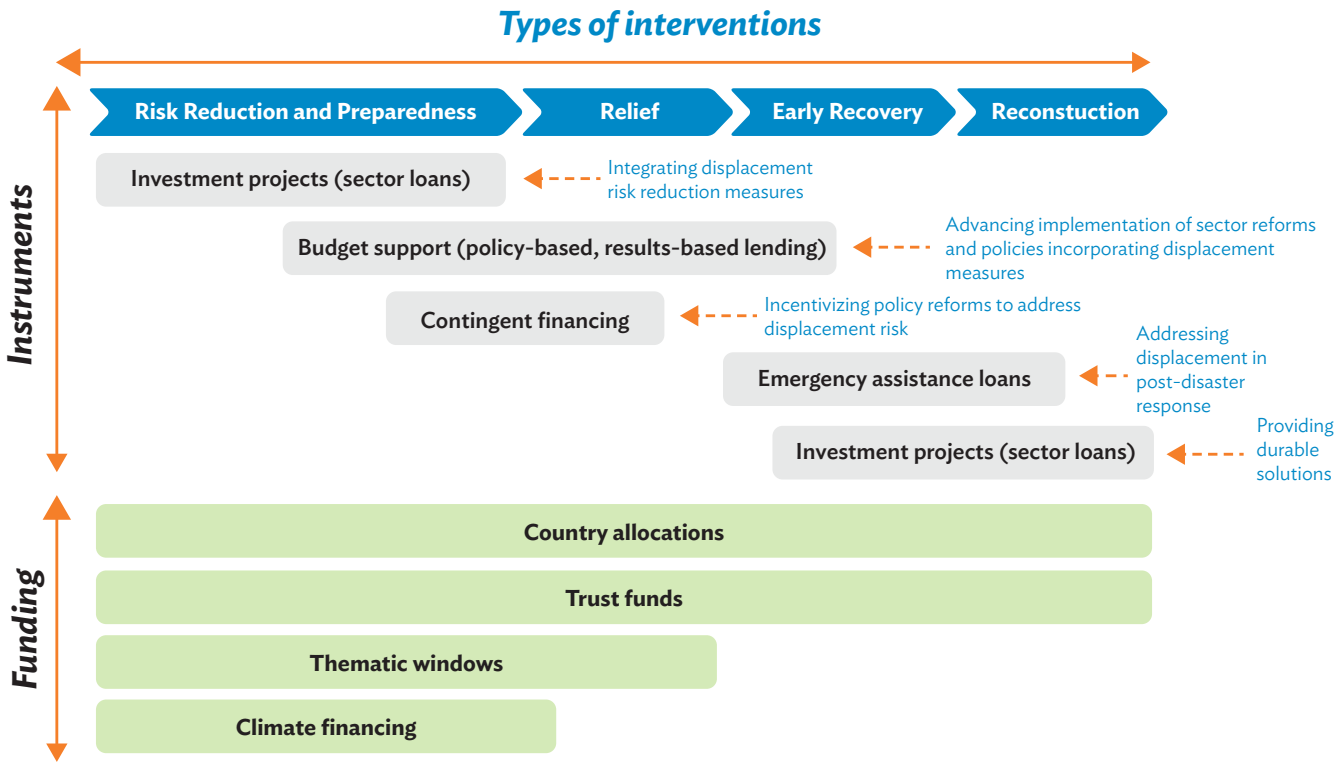
[viii] For further information and related documents, see IDMC, https://www.internal-displacement.org/good-practice/?id=10 (accessed 5 February 2024).

[ix] For further information on the project, see https://www.adb.org/projects/55201-001/main.

Financing Solutions

Despite growing attention and calls for increased financing to respond to displacement and to reduce the risk of displacement, appetite within MDBs for new and dedicated windows or set asides is limited. New mechanisms, however, are not necessary to enable MDBs to meaningfully support solutions to internal displacement. Drawing on the approach taken by other multidriver issues, such as disaster risk management and climate change adaptation, existing financing mechanisms already offer plenty of opportunities (Figure 3).

Figure 3: Indicative Representation of Multilateral Development Bank Engagement in Disaster Risk Management with Displacement Entry Points



Source: Asian Development Bank.

MDBs can be, and have previously been, instrumental in reducing the risk of displacement and responding to protracted displacement scenarios. They provide not only immediate liquidity through the rapid disbursement of funds, which are essential for activities supporting basic services following a disaster, but they also play a critical role in financing the reconstruction of homes, community facilities, and infrastructure, while fostering long-term resilience in affected communities.

The World Bank's International Development Association, which focuses on helping low-income countries with knowledge and financing to address their development challenges, includes a Crisis Response Window that was introduced in 2011 to support countries with immediate funding for exceptionally severe crises (e.g., disasters).[66] Following the 2015 Gorkha earthquake in Nepal, the World Bank invested in reconstructing 55,000 affected houses with multihazard-resistant core housing units in targeted areas and enhanced their resilience.[x]

The European Bank for Reconstruction and Development also dedicated funding for the response to the 2023 earthquakes in Türkiye.[67] A first initiative of this kind for the institution, this project included €600 million in credit lines to local banks for businesses and individuals directly affected by the earthquakes, as well as new lending to companies participating in recovery and reconstruction efforts in the area. By having invested in the reconstruction of sustainable infrastructure and having supported the economy to preserve human capital, livelihoods, and jobs in the affected cities, this project has been able to limit the duration of displacement and to contribute to the returns and reintegration of IDPs.

In the case of ADB, it provides grants to lower-income DMCs through its Asian Development Fund (ADF). Under ADF 13, the thematic pool provides grants to eligible countries to incentivize governments to invest in resilience building through climate adaption and disaster risk reduction by unlocking project opportunities that otherwise would not take place.[xi] The ADF also has a window to provide additional grant resources to eligible countries through ADB's Expanded Disaster and Pandemic Response Facility. This crisis window provides timely and predictable financing for recovery and reconstruction following a disaster, emergencies triggered by large cross-border movements of displaced persons, and public health emergencies such as epidemics and pandemics. While these resources have not yet been used explicitly to either reduce displacement risk or provide solutions through standalone projects, resources nevertheless can be used for this purpose. The flexibility

[x] For information on the World Bank's Earthquake Housing Reconstruction Project, see https://projects.worldbank.org/en/projects-operations/project-detail/P155969.

[xi] For information on ADB's Asian Development Fund, see https://www.adb.org/what-we-do/funds/adf.

Box 6: ADB's Contingent Disaster Financing in the Pacific

Since 2017, the Asian Development Bank has provided financing to its Pacific Disaster Resilience Program, which involves 10 Pacific countries across 5 phases, based on ADB's contingent disaster financing option. The program fills a financing gap experienced by many Pacific countries hit hard by disaster. It provides a predictable and rapid disbursing source of financing for early response, recovery, and reconstruction activities, and supports priority actions in terms of disaster risk management in participating countries. Focus is on strengthening policy, such as (i) putting in place disaster risk management in responsive sector strategies and contingency plans; (ii) instituting governance, such as revising legislation and regulatory reforms to support risk transfer mechanisms; (iii) incorporating institutional arrangements, such as strengthening post-disaster budget execution capabilities, rapid resource mobilization, appropriation, and disbursement in the event of disaster; (iv) improving investment planning processes and tools; and (v) expanding disaster risk financing. In dialogue with countries, the inclusion of displacement as a consideration, either based on prior actions or through a post-program partnership framework, will offer additional financing opportunities to respond to displacement as well as will help to address the underlying drivers of displacement risk.

Source: Asian Development Bank.

of ADF resources, however, has been demonstrated through the support it has provided to displaced persons from Myanmar in Bangladesh and to contingent disaster financing in the Pacific (Box 6).[xii]

Large-scale infrastructure projects; urban development projects (including affordable housing and sustainable urban planning); and investments in the healthcare and education sectors are pivotal for the long-term resilience of communities to climate change and natural hazards. These will delay or prevent displacement by providing other options to cope or adapt, as well as contribute to the sustainable integration or return of already displaced people. This establishes a foundation for more targeted interventions. In addition to regular country allocations, thematic or special funds are available from MDBs to support solutions, including for relocation and for facilitating voluntary and sustainable resettlement to safer areas. There are inherent constraints, however, in providing speed or flexibility to regular instruments, such as program loans. These limitations can impede timely and effective responses to displacement issues, thus highlighting the need for more flexible and adaptable financing solutions.

To support governments in their implementation of policy reforms to advance an enabling environment for greater action on displacement, policy-based lending instruments can support governments to address structural impediments and promote reforms that will open greater space for action. Policy-based lending provides general budget support to public sector borrowers and helps countries that are facing a financing gap in their annual budget. The loan (or grant) is disbursed only when the borrower completes its policy reforms or actions that have been agreed upon. As such, policy-based lending will require strong government ownership and a commitment to reform based on solid diagnostics with which to inform policy dialogue. Moreover, policy actions must have sector- or economy-wide impacts. While the primary focus of a policy-based loan or grant is unlikely to be the issue of displacement, displacement nevertheless can be addressed as part of wider reforms to strengthen resilience across a range of sectors.

Under ADB's policy-based lending instrument, the contingent disaster financing option (CDF) provides quick-disbursing budget support in case of a disaster triggered by a natural hazard or health emergency. While the disbursement

[xii] For information on ADB's ADF project in Bangladesh and relevant documents, see https://www.adb.org/projects/52174-001/main#:~:text=On%207%20May%202018%2C%20the,arrival%20of%20the%20displaced%20persons.

could support governments to address displacement as part of a wider response, it also can have a greater impact by incentivizing reforms that will address the structural impediments surrounding the issue of displacement at the policy and operational levels, including on data. Once a government completes its reforms, it then will be able to access the loan for immediate needs and recovery efforts following a disaster through a rapid disbursement of funds. The CDF is accompanied by policy actions that aim to enhance long-term disaster resilience, thus helping to tackle the underlying sources of vulnerabilities and to mitigate disaster risk (Box 6).

In addition to the development finance MDBs provide governments, they also have a role to play in raising awareness of the need for governments to mainstream disaster displacement in their national plans and understand the development gains at play. While many countries acknowledge displacement as a challenge to development, there is a disconnect between intent and action. Navigating the variety of funding mechanisms available to support preventative measures, responses and solutions to displacement will require tailored guidance from MDBs. While existing MDB financing tools are a solid basis to mitigate the issue, bringing them together in an accessible, comprehensive offer for governments to call upon remains an important step to increase their usage and their impact on displacement.

To maximize the impact of MDBs in addressing disaster displacement, their strategies should be based on qualitative research and planning. As they provide funding and advocate for the integration of displacement issues into national plans, it is imperative that these investments extend beyond mere financial disbursement. By adopting a dual-focused approach that balances robust financial provisioning with strategic resilience strengthening, MDBs can ensure that projects are not only financially viable but also tailored to mitigate displacement risks and enhance community resilience. This holistic approach involves conducting thorough risk assessments; integrating specific community needs into project planning and ensuring collaborative efforts with governments and local communities; and transforming MDB support from not only reactive post-disaster assistance but also to proactive, long-term resilience building.

Conclusion

Awareness of and recognition of the links between displacement and development in the context of climate change and disasters has reached a new frontier in recent years. The international community now acknowledges the role development finance can play in addressing the phenomenon preemptively and sustainably.

MDBs have been, and can increasingly be, instrumental in addressing the root causes of displacement, supporting affected communities, and investing in longer-term solutions. Their existing funding mechanisms can provide not only immediate funding for response and recovery in the aftermath of a disaster, but also can play a critical role in the reconstruction of resilient homes and infrastructure, thus reducing the risk of future displacement. Investments in climate change adaptation and disaster risk reduction (including in urban development, water, health, education, and agriculture and food security) are pivotal for the long-term resilience of communities to climate change and natural hazards.

MDB interventions must be grounded in context-specific policies, strategies, plans, and government-owned priorities that are informed by quality evidence and by the active participation of the affected communities. In addition to providing development finance, MDBs also have a role to play in supporting and encouraging better national data systems and displacement-inclusive policies, as well as in raising awareness on the need to include displacement in development planning in affected countries. As outlined, MDBs have existing instruments and resources available to support countries across the displacement landscape. Through their relationship with governments, they can be influential in guiding them toward the most inclusive, comprehensive, and efficient approaches to address displacement as a development issue.

A man works to recover belongings after severe flooding in Pakistan.

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The Asian Tsunami of 26 December 2004 was one of Asia's worst disasters. It claimed an estimated 260,000 lives and displaced more than 1.7 million people in 14 countries. India, Thailand and Sri Lanka were hard hit, but it was Indonesia that bore the brunt of the devastation. Rocked first by the powerful offshore earthquake, then engulfed by waves up to 30 meters high that raced inland, Aceh in northern Sumatra was virtually wiped off the map.
At least 160,000 people died in and around Banda Aceh, the main city.

This co-publication of the Asian Development Bank and Internal Displacement Monitoring Centre reports that disasters have resulted in more than 177 million displacements in Asia and the Pacific over the past 10 years and outlines ways multilateral development banks (MDBs) can mobilize finance and help countries reduce disaster displacement as climate change continues to affect the region. The publication explains the impact of displacement on development gains, outlines drivers including population growth and urbanization, and identifies displacement triggers. Providing a regional breakdown, it shows how MDBs can work with governments to invest in resilience building, mainstream disaster risk reduction, and finance initiatives designed to reduce the socioeconomic impact of disasters and prevent future displacements.

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