

POLICY BRIEF

April 2022

Economic Shocks and Human Trafficking Risks

Evidence from IOM's Victims of Human Trafficking Database

Every year, millions of people worldwide are trafficked, which has a profound impact on development and vulnerable populations. There are no global estimates of the prevalence of human trafficking. However, the International Labour Organization (ILO), the International Organization for Migration (IOM), and the Walk Free Foundation believe that 25 million and 15 million crimes in the related area of forced labor and forced marriage respectively were committed for the year 2016 (ILO 2017). These crimes are ubiquitous, affecting all regions of the world. The prevalence of what ILO, IOM and the Walk Free Foundation call “modern forms of slavery” ranges from 2 cases per 1,000 inhabitants in the Americas, to 7.6 cases per 1,000 in Africa, with the Arab States (3.3 cases per 1,000), Europe and Central Asia (3.9 cases per 1,000) and Asia and the Pacific (6.0 cases per 1,000) in between (ILO 2017). These figures suggest that about a quarter of all persons in forced labor are children (ILO 2017).

Human trafficking is a violation of fundamental human rights and is linked to a range of core development issues, including poverty and vulnerability, gender and racial inequality, and gender-based violence. The Sustainable Development Goals include a target to end modern slavery and human trafficking by the year 2030. Human trafficking is a multifaceted crime that involves many perpetrators, routes, sectors, victims, and forms of exploitation. The complexity and hidden nature of human trafficking crimes makes the practice harder to measure, to identify long-term trends, and to determine the impact of anti-trafficking initiatives.

Governments are increasingly concerned about human trafficking but understand relatively little about who is involved, how it operates, and what enables or constrains it. The illegal—and thus less visible—nature of the crime makes it difficult to investigate. The lack of micro-level

data makes it harder for governments to adopt effective policies to reduce human trafficking and limits the ability of other anti-trafficking actors, including international organizations, non-governmental organizations, and donors to help mitigate the risks of human trafficking.

The World Bank and the International Organization for Migration (IOM) place importance on advancing an understanding of the drivers of human trafficking (Box 1). To gain a better understanding of these drivers, the World Bank and IOM (2022) joint report, “Economic Shocks and Human Trafficking Risks: Evidence from IOM's Victims of Human Trafficking Database,” analyzes a unique micro-level trafficked victims' database compiled and updated by IOM. The report tries to answer two key analytical questions: First, do economic shocks increase detected human trafficking cases from and within countries of origin? Second, can good institutions—ones that can enable adherence to the rule of law and the provision of access to justice or anti-trafficking measures in particular—and social assistance moderate the possible negative effects of economic shocks on trafficking cases in origin countries?

Through its support to victims of trafficking, IOM has developed the largest database of human trafficking cases in the world. IOM's database only covers countries with where the organization has a presence on the ground and only captures trafficking victims who received its assistance (including those initially identified by partners who are later referred to IOM). IOM's Victims of Human Trafficking database contains information of the victims' citizenship and country of exploitation.

The report focuses on risk factors that are expected to increase the vulnerability to human trafficking from and within origin countries such as economic shocks, measured by large, discrete changes to export commodity

BOX 1. The World Bank's and IOM's approach to addressing trafficking in persons

Understanding the drivers of human trafficking is important for the World Bank's efforts to address sexual exploitation, forced labor, and child labor in its development projects. The World Bank's Environmental and Social Framework's requirements related to labor and working conditions acknowledge these vulnerabilities associated with human trafficking (Environmental and Social Standard 2). It also provides guidance on preventing sexual abuse and harassment and prohibits forced labor and the employment of trafficked persons within World Bank projects.

Protecting the poor and vulnerable from risks is an important part of the World Bank's approach to enhancing the lives and capabilities of every human being through economic growth, sustainability, and inclusion. Human trafficking remains a risk for many, especially in the aftermath of shocks. At the core of the World Bank Group's development mandate is a commitment to protect people and especially those who are most vulnerable so that everyone—regardless of their gender, race, religion, ethnicity, age, sexual orientation, or disability status—benefits from development. Protecting the vulnerable therefore involves improving the access of all people, including the poor and disadvantaged, to education, health, social protection, infrastructure, employment, financial services, productive assets and justice institutions. Through this approach, the World Bank helps countries address the underlying drivers of human trafficking.

The International Organization for Migration is the lead intergovernmental organization in the field of migration. In line with the 2030 Agenda and the GCM, IOM follows a rights-based approach and supports states to uphold migrants' rights, and migrants and communities to realize their rights. IOM recognizes the link between migration and economic, social, and cultural development (IOM Constitution), and this report helps to further an understanding of this dynamic through a counter-trafficking lens. IOM has been implementing counter-trafficking programming for over 25 years and assists nearly 8,000 victims of trafficking across the globe each year. IOM's interventions span from protecting victims of trafficking, to the sensitization and capacity building of justice systems, border control, migration law and policy. It encompasses the strengthening of national systems and responses, as well as private sector engagement, ethical recruitment, due diligence, and remediation measures. IOM supports the production of new evidence to inform the response to trafficking, such as through this joint study.

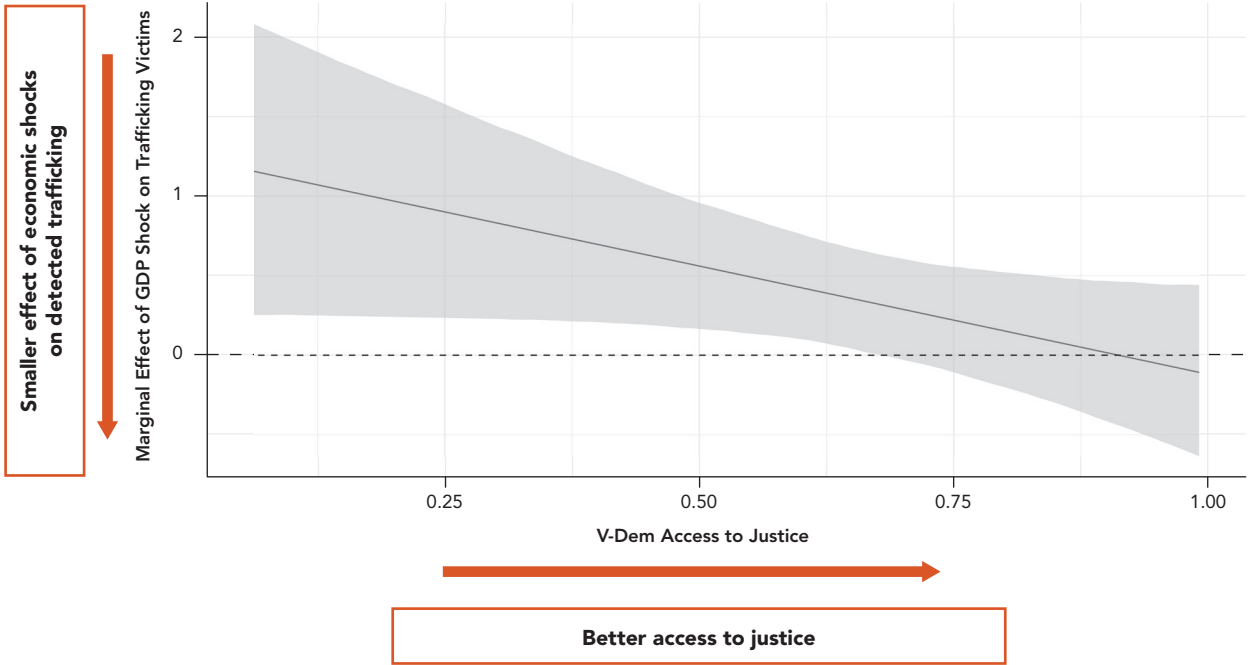
This publication centers on the values of human rights, dignity and wellbeing, all values that are enshrined in IOM's constitution and institutional approach. IOM also places great importance on the prevention of sexual exploitation, abuse, and harassment (PSEAH), which is mainstreamed throughout the Organization's work (IOM Strategic Vision, 2019–2023).

prices and to GDP. It also explores the role that institutions play through enforcing the rule of law, providing access to justice, and implementing anti-trafficking policies, as protective factors that could weaken the link between economic shocks and an increase in human trafficking. The analysis verifies that economic shocks are significant risk factors that increase vulnerability to human trafficking. In origin countries, economic vulnerabilities—especially those caused by global commodity price shocks—are strongly positively correlated with observed cases of trafficking. For instance, the economic shock produced by a typical decrease in export commodity prices is associated with an increase in the number of detected victims of trafficking of around 12 percent.

On the other side, the analysis suggests that good governance institutions and particularly a commitment to the rule of law and access to justice as well as stricter anti-trafficking policies and social assistance can have a limiting effect on the number of observed cases of trafficking following economic shocks (figures 1 and 2).

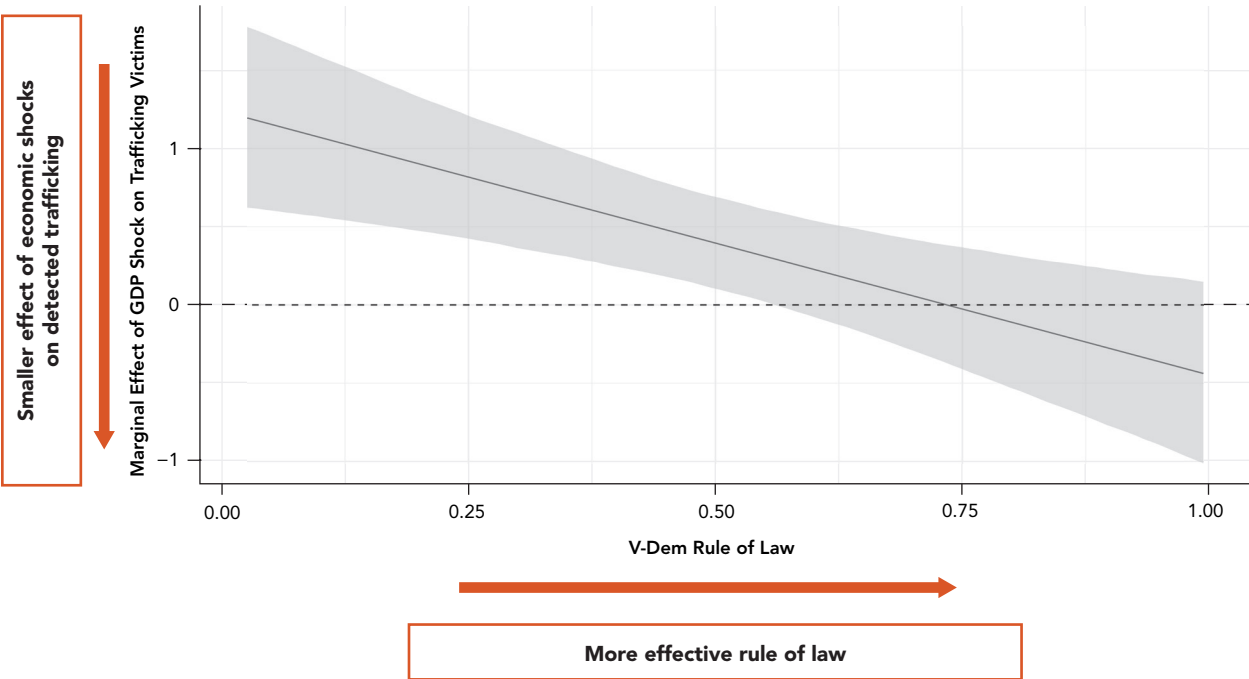
As one of the most comprehensive empirical analyses of human trafficking cases to date, this study enhances the understanding of the determinants and patterns of human trafficking. It empirically documents the relationship between economic shocks and human trafficking. While the study sheds light on some key drivers of trafficking, explaining trafficking routes, individual-level risk factors,

FIGURE 1. Access to Justice



Note: This figure plots the marginal effect of per capita GDP shocks on the log number of registered trafficking victims for every level of the V-Dem Access to Justice score. The solid line indicates the point estimates and the shaded area highlights the 95 percent confidence interval of the estimation. The x-axis measures whether citizens enjoy secure and effective access to justice. Higher values indicate that citizens enjoy greater access to justice.

FIGURE 2. Rule of Law



Note: This figure plots the marginal effect of per capita GDP shocks on the log number of registered trafficking victims for every level of the V-Dem Rule of Law score. The solid line indicates the point estimates and the shaded area highlights the 95 percent confidence interval of the estimation. The x-axis measures the degree to which laws are transparently, predictably, impartially, and equally enforced and the extent to which the actions of government officials comply with the law. Higher values indicate stronger rule of law institutions.

or which interventions are likely to reduce the practice goes beyond its scope. Given the data limitations, more confirmation is also needed on whether the results apply outside IOM's sample. Further, the aggregate-level data cannot speak to the specific drivers of human trafficking at the subnational and household levels. More fine-grained subnational and household-level data would be needed to identify these drivers.

The findings suggest that COVID-19-induced economic shocks are likely to increase vulnerability to human trafficking (see UNODC 2021). Thus, policies to mitigate the impact of these shocks are urgently needed. Governments have been forced to shut down economic activities and close borders to curb the transmission of the virus. Border closures in the midst of an economic shock can make migrants more likely to seek irregular migration routes. The resulting rise in unemployment also deprives households of remittances, which will likely drive vulnerable individuals to look for alternative sources of

employment, including in high-risk sectors. Human trafficking will remain a major risk after COVID-19 is brought under control, which merits high levels of policy attention and resources.

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1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

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