

## Social and Economic issues of the refugees in the Host Countries

**Annapurna Pattnaik**

Assistant Professor in Law

SOA National Institute of Law

**Banalata Pradhan**

Asst.Librarian

SOA National Institute of Law

### *Abstract*

*Refugees are migrants in the broader sense of the term; yet they are continuing to be a distinct category of people. They are referred to those persons who leave their states in which they have permanent residents to escape persecution or military action. The organization of African Unity (OAU) Convention on 1969 expanded the definition of the term refugee. The African states felt that refugee should also apply to every person who, owing to external aggression, occupation, foreign domination or events seriously disturbing public order is compelled to leave his place of habitual residence in order to seek refuge in another place outside his country of origin. Refugees are victims of gross human rights violation. The problems of refugees are international in character because of the involvement of the two or more states. Their problem cannot be resolved without international cooperation. This paper reviews the existing research examining the impacts of refugee hosting through economic, social, political, environmental and security perspectives. It draws from the literature on forced migration and other research to consider how these assessments are made and where further tools are needed to better measure the impacts of hosting refugees. Much of the literature reveals that refugees need not be the burden they are often portrayed to be. However, it is also true that states that host refugees are often the least able to offer protection and assistance to refugees. The paper therefore engages current literature to consider how to better facilitate responsibility sharing in order to mitigate the negative impacts of hosting refugees. Finally, it addresses the need for improved measurement tools for assessing the impacts of hosting refugees. Socially host community acquired knowledge and skills from refugees. On the other side they promoted crime and theft to the host community. Economically, the host communities are benefited from the presence of refugees by selling the local product and buying from them goods and service by the low price. In the contrary, their presence leads for the dramatic change of goods and service and food price in the market. Basically, refugee camp set as a temporary settlement to serve refugee for the short period of time. The economic and social impact of large refugee populations on host developing countries has been the subject of attention within the international community since the 1970s. so, this paper discusses some of the factors that affect the costs and benefits of forced displacement and highlights policy responses and experiences to refugee crises.*

*Key Words: Displaced, Forced Migration, Host countries, socio-economic factor, Human Rights*

## Introduction

The number of refugees worldwide is on the rise, reaching 22.5 million at the end of 2016 (UNHCR, 2017a). The large majority, 84%, are hosted by developing countries (i.e. low and middle-income countries), some of them among the poorest countries in the world. Refugees are often perceived as a burden for the host country, putting pressure on public budget and service provision. However, refugees can also contribute to development by providing skills and resources, and spurring production capacity and consumption demand. It is therefore important to complement short-term humanitarian responses to refugee crises with more long-term development-oriented responses to strengthen the positive impacts of forced displacement. Policy makers are increasingly acknowledging the importance of connecting humanitarian assistance to longer-term development planning (OECD, 2017). Such policy efforts require empirical knowledge of the socioeconomic impacts of refugees. While the impact of labour migration on development in the countries of origin and destination is well studied, much less is known about the effects of refugee inflows, especially in low and middle-income countries. The context in which forced migration takes place often differ from that of labour migration, and outcomes and policy implications from previous studies on immigration may therefore not apply to the case of refugees. More systematic assessments of the benefits and costs are needed to support evidence-based policy and evaluations of current and future investments in development programmes in response to forced displacement. The purpose of this paper is to discuss the assessment of economic impacts of refugees in developing countries. It starts by highlighting some major patterns and trends in refugee flows. The following sections present existing empirical evidence on the economic impact of refugees and highlights policy responses to mitigate the negative aspects and strengthening the development potential of large-scale refugee flows. Finally, the paper discusses methodological and data challenges in estimating the economic impact of refugees on host countries and suggests a way forward for future studies.

## Definition of Refugees

Refugee: A person who, “owing to a well-founded fear of persecution for reasons of race, religion, nationality, membership of a particular social group or political opinions, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country.” Source: UNHCR (1967), Convention Relating to the Status of Refugees, Art. 1A(2), 1951 as modified by the 1967 Protocol.

This paper uses United Nations High Commissioner for Refugees (UNHCR) figures on the total numbers of refugees which include people recognized as refugees under the 1951 UN Convention/1967 Protocol, the 1969 Organization of African Unity (OAU) Convention, in accordance with the UNHCR Statute, persons granted a complementary form of protection and those granted temporary protection as well as people in refugee like situations (a term which is descriptive in nature and includes groups of persons who are outside their country or territory of

origin and who face protection risks similar to those of refugees, but for whom refugee status has, for practical or other reasons, not been ascertained). Palestinians under UNRWA mandate: The Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established following the 1948 Arab-Israeli conflict to carry out direct relief and works programmes for Palestine refugees. UNRWA defines Palestine refugees as “persons whose normal place of residence was Palestine between June 1946 and May 1948, who lost both their homes and means of livelihood as a result of the 1948 Arab-Israeli conflict.” Source: United Nations (1949), United Nations General Assembly Resolution 302 (IV) of 8 December; UNRWA (2017)

Refugee status determination: A process (conducted by states and/or UNHCR) to determine whether an individual should be recognized as a refugee in accordance with applicable national and international law. Source: IOM (2011), Glossary on Migration, 2nd edition.

Asylum seeker: A person who seeks safety from persecution or serious harm in a country other than his or her own and awaits a decision on the application for refugee status under relevant international and national instruments. In case of a negative decision, the person must leave the country and may be expelled, as may any non-national in an irregular or unlawful situation, unless permission to stay is provided on humanitarian or other related grounds. Source: IOM (2011), Glossary on Migration, 2nd edition.

Internally displaced persons (IDPs): Persons or groups of persons who have been obliged to flee or leave their homes or places of habitual residence, in particular as a result of, or in order to avoid, the effects of armed conflict, situations of generalized violence, violations of human rights or natural or human-made disasters, and who have not crossed an internationally recognized state border. Source: United Nations (2004), “Guiding principles on internal displacement”.

Essentially most persons who wish to enter the richer countries, for whatever purpose, do so on temporary entry visas that specify for what purpose and period of time entry is allowed. In lieu of obtaining official authorization to enter, foreigners may elect to ignore a country's entry regulations and enter surreptitiously for work or other purposes. Many and perhaps most of the so-called migrants in the world today are not permanent migrants in the traditional settler sense; rather they are persons who have left their home country to obtain employment, education, investment or other opportunities elsewhere for what is usually perceived as a short or temporary period of time. The temporary status of the movement is accepted, at least initially, by both the host country and the migrant. This is so even for illegal labour migrations on which most governments take a benign stance based on the assumption that such workers are needed but can be easily expelled if labour demands change. Regardless of the form of entry, the experience of most countries which have received large numbers of foreigners is that some permanent settlement develops. While this is to be expected in those countries that continue to allow permanent immigration - the USA, Canada, Australia - significant foreign-born populations also have emerged in Western European countries - West Germany, France, Switzerland, Great Britain, as well as others - which sponsored guest worker programmes. In addition, countries that have experienced large illegal migrations -

Venezuela, Argentina, Nigeria, Italy - now have sizable foreign-born populations within their borders. While the Arab Middle East labour importers have sought to avoid permanent settlement populations, it remains unclear whether they will emerge.

The past 30 years have seen an unpredicted and large increase in international migration that now encompasses almost all countries, to some extent, either as senders or receivers. Social scientists did not expect this pattern. Demographers claimed that the era of large-scale international migration was over; populations would be shaped in the future largely by their fertility and mortality dynamics (Davis, 1947). Sociologists abandoned their traditional studies of immigrant assimilation and integration; economists redirected attention from the relations between capital, trade and labour flows between countries towards the microeconomics of labour. But even in the 1950s and 1960s, when these shifts were under way in the social sciences, the elements of the 'new' pattern of international migration were unfolding. While large-scale transcontinental migrations of permanent settlers were scarce, the magnitude of temporary mobility of persons for work, business, study and other purposes was on the rise. This era is characterized by complex economic, political and social interdependencies and exchanges among nations, facilitated by rapid communication and transportation systems. Laissez-faire no longer prevails, if it ever did, and governments have developed elaborate regulatory systems to control international flows of capital, trade, technology and people. At the same time, industrialized nation states need to maintain relatively open and easy access in order to facilitate capital investment, technological advances and cultural exchange and considerable transnational mobility of people is associated with such activities. The dilemma confronted by governments is how, on the one hand, to facilitate the entry of persons for certain sets of activities but, on the other hand, to discourage entry for others. It is in the interest of governments to allow most kinds of entry - business, investment, tourism, study, technical assistance - and the regulatory systems readily allow these. It is with regard to work and permanent settlement, however, that governments have been most reluctant to extend to foreigners unlimited entry privileges. As populations of developing countries increase, along with increasing socio-economic disparities between developed and developing countries, the demand for entry to the richer countries for settlement and work purposes has become much greater than can be accommodated.

### **Focused are of discussion**

The contemporary refugee crises across the Middle East, Asia, and Africa have captured the world's attention. Much of the existing discourse has focused on the humanitarian and security implications that this crisis will have, specifically for developed regions such as the European Union. This paper, on the other hand, seeks to explore this issue through a purely economic lens, focusing instead on the economic impacts that refugees have on the countries that receive them. Through exploring the existing academic and popular literature around historical and contemporary case studies, this paper has identified some of the key positive and negative economic effects that refugee crises can have on the host country.

On the positive side, refugees can be a boon to the host country by

- (1) spurring long-term investment
- (2) filling needed demographic gaps
- (3) integrating effectively into the labor market
- (4) becoming productive economic consumers and producers and
- (5) by increasing bilateral trade with the country of origin.

On the negative side, refugees can be a burden to the host country by

- (1) straining public and private services
- (2) causing physical and economic overcrowding and
- (3) increasing societal strife and the potential for civil conflict.

### **Historical Background**

Refugees can also have positive economic impacts on their hosts by attracting development actors to work with the local community alongside aid workers, and refugees who are allowed to work can contribute to agricultural production and the local economy (Milner 2016, 3). For example, as the Ethiopia and Jordan Jobs Compacts begin to be evaluated, additional research on the economic impacts of hosting refugees will continue to emerge. Likewise, in reference to Tanzania, Milner writes “One NGO [non-governmental organization] worker remembered that when he arrived in Kibondo in 1997, only two buses a week passed through the town, there were very few consumer goods for sale in the local shops, and there was only one telephone line out of the town. By 2004, there were three or four bus services a day, each bringing a wide range of fresh consumer goods into town, and two companies providing coverage for mobile telephones (interview, Kibondo 2004; IRIN 2002b)” (Milner 2009b, 126).

Likewise, a recent study on Congolese camps in Rwanda indicates that both cash aid and in-kind assistance provide a boost to local economies by increasing the spending capacity of refugees in their host communities (Taylor et al. 2016). Another study on Mozambican refugees in Malawi highlights the creation of employment, the accrual of benefits to the local population, the stimulation of local commerce and an improved international image (Dzimbiri 1993). Indeed, the presence of international aid can greatly alter local economies by bringing in new actors (the United Nations, NGOs and other groups), which affect everything from cash flow in local markets to housing costs to infrastructure and relations with local authorities. Refugee self-sufficiency can help to reduce aid costs (Jacobsen and Fratzke 2016).

Studies on refugees in Kenya have also found that refugees can be an economic benefit through the international aid that they attract (Sanghi, Onder and Vermuru 2016). The refugee presence in Kakuma, Kenya, boosted the gross regional product by over three percent and increased

employment by about three percent. The Turkana area also experienced development as a result of the refugee presence, and economic integration raised per capita host incomes by six percent. Other research cites examples in Malawi, Albania, Macedonia, Jordan, Pakistan and Tanzania where refugees have had positive effects, either through camps stimulating local economies with greater demand or by attracting international organizations that help to bring resources, technology and jobs to an otherwise poor or remote area (Gomez and Christensen 2010; Landau 2008; Miller 2017; Milner 2009b; Harrell-Bond 1986; Harrell-Bond 2002; Long 2013; Jacobsen and Fratzke 2016). Of course, the gains from the presence of international organizations also wane if those actors pull out over time.

Recent studies on Syrian refugees indicate the potential positive economic impacts of hosting refugees (Rubin 2017). A study by the International Rescue Committee (IRC) finds that Syrian refugees can cause some economic strain upon immediate arrival, but that they are also consumers and economic actors who can boost local markets as time passes (IRC 2016, 5). Likewise, research from the Brookings Institution argues that Syrian refugees tend to not take jobs from Jordanians, but rather from low-skilled immigrants in Jordan in construction, agriculture and retail (Karasapan 2015). Syrian refugee entrepreneurs have also boosted the economy with new firms, jobs and services or products, totaling \$1 billion<sup>8</sup> invested by Syrians in Jordan in 2013. Even within the very large Zaatari camp in Jordan, Syrian entrepreneurs have built a range of businesses, from pizza shops to barber shops, travel agencies, vegetable stalls and wedding rentals (Gavlack 2014).

Private sector actors, including high-profile actors — German automation giant Siemens; the world's largest furniture retailer, IKEA; and the international shipping and package service company DHL — have also become increasingly involved in refugee-hosting situations across a range of sectors and parts of the market: telecommunications, information technology and data management; banking and mobile money services; education; medicine; procurement logistics and shipping; water and sanitation; energy supply; private (paramilitary) security; protection and insurance. The IKEA Foundation committed almost \$200 million to the UNHCR's programs in cash and kind since 2010 for shelter development and emergency relief for Syrian refugees, and other companies like it are becoming increasingly involved.

Other research on Europe and North America also points to potential benefits — refugees often bring capital with them and add to entrepreneurial activity upon resettling. The European Parliament (Karakas 2015), for example, published a study that shows how refugees can positively affect the economy by addressing demographic trends, contributing to innovation, entrepreneurship and GDP growth. Another study focused on Europe also found that refugees can contribute to greater market flexibility, and improve fiscal sustainability (European Commission 2016), conclusions endorsed by a recent study from the Organisation for Economic Co-operation and Development (OECD) (2017) on labour market integration of refugees in Germany. A Tent Foundation report (Legrain 2016) also emphasizes the positive contributions that refugees can

make to developed economies. It argues that one euro invested in refugees can yield nearly two euros in economic benefits over time; as refugees are given the opportunity to become entrepreneurs, innovators, taxpayers, consumers and investors, they create jobs, raise productivity and wages of local workers, lift capital returns, stimulate international trade and investment, and boost innovation, enterprise and growth. This study cites evidence from the International Monetary Fund that calculates that additional spending in the European Union on refugees of 0.09 percent of GDP in 2015 and 0.11 percent in 2016 will raise its GDP by 0.13 percent by 2017. With the boost to the economy from refugees working, the GDP could be 0.23 percent higher by 2020 — contributing a total increase of 0.84 percent of GDP between 2015 and 2020. The study further argues that refugee populations tend to have younger, working-age individuals that could support aging societies such as Germany or Italy. Refugees also provide remittances that boost the sending country's income.

### Environmental Impact

The large-scale arrival and prolonged presence of refugees can have negative impacts on the environment, including deforestation; de-vegetation; erosion; the destruction, degradation and pollution of water sources and catchment areas; illegal poaching and fishing; and overgrazing. In some cases, locals are required to surrender arable land for the construction of refugee camps or settlement areas; forests may be stripped as refugees need poles for houses and latrines, firewood, medicine, thatching and fodder, and fuelwood. Likewise, heavy trucks that transport food and other relief may damage roads. Refugees are also often placed in “already environmentally-hostile arid locations with minimal vegetation and variable access to sufficient water, particularly for livestock and growing vegetables”. Thus, they may be forced to use what they can and thereby contribute to the further depletion of natural resources.

Protracted refugee situations, in particular, can exacerbate environmental concerns, including food security and sanitation. Large camps like Dadaab in Kenya or Zaatari in Jordan can have particularly negative effects on the environment, including soil erosion, loss of habitat and wildlife, air pollution, water contamination and water depletion. They may also be located near national parks or reserves, which can create risks for the conservation of those areas. These remote locations have often been linked to other risks, including risks of sexual and gender-based violence that women may face when they are forced to walk long distances to retrieve firewood. Likewise, whether refugees are able to self-settle or forced to remain in camps or settlements can determine their environmental impact on the host country. For example, refugees forced to remain in camps in remote areas — as opposed to refugees who choose to self-settle in an urban area — would have to use natural resources differently, perhaps deforesting certain areas, for example.

That said, refugees can also bring positive environmental effects, most noticeably with the attraction of international aid and development actors who may undertake projects to protect the environment

## Social Impact

The social impacts of refugees on host countries are far more difficult to measure. The UNHCR notes that “when large numbers of refugees arrive in a country — and especially when they are in a destitute situation and do not share ethnic or cultural linkages with the host community — there is always a risk that social tensions, conflicts and even violence might arise” (UNHCR 2011). Other studies show that while refugees might be able to economically integrate with ease, social integration can be more difficult. Likewise, there are a number of studies that discuss how refugee camps are perceived as increasing social problems and tensions in communities, including alcohol consumption, gambling, prostitution and crime. Additional research reveals some concern about the long-term mental health impacts on members of the host community, in particular when they are hosting refugees or other displaced groups for long periods of time.

Other research shows that the refugee presence and “pursuit of livelihoods can increase human security because economic activities help to recreate social and economic interdependence within and between communities”. Refugees and host communities can gain through inclusive policies, leading to less aid dependence and more resiliency. Social impacts are also highly contextual: the effects of refugees staying with family members in a host country, versus those in a camp or settlement for decades, might present very different social outcomes for displaced persons and hosts. Other studies on social cohesion, for example, also demonstrate how protracted situations and policies that foster integration can positively or negatively affect social cohesion: when refugees are given greater access to their rights and are better able to integrate, social cohesion is greater within the community.

## Political Impact

Local government and administrations, including law enforcement and the judiciary, may face additional pressures upon hosting refugee populations, even if they receive assistance from the UNHCR and other agencies. In addition to trying to coordinate different actors and a response, they are also under pressure from host communities to maintain security and stability. At the same time, there are new jobs from international organizations to process, manage and secure refugee areas, which create employment opportunities for host communities. The physical and social infrastructure (including roads, bridges, airstrips and school buildings), health, education and water supply may be strained by a refugee presence, they also present political opportunities. New roads, mobile phone service, expanded markets and increased opportunities may all emerge as positive impacts from the presence of refugees, all of which become part of political dialogues and campaigns, as well. In some cases, the large presence of international aid actors that accompany refugee populations can have significant political repercussions, including the rebalancing of power away from local government authorities toward UN or NGO actors. There has also been an increase in the incorporation of refugees into political platforms, which in many cases include negative views of refugees.

## Security Impact

The security implications of hosting refugees are the concerns raised most frequently by host states. Several studies have been conducted on the security impacts refugees may have on their hosts. There is some research indicating that refugees have the potential to destabilize the countries that take them in. This may come in the form of political activists seeking to use the host country as a base for mobilizing and recruiting insurgents. Host countries can also be vehicles of spillover violence, if those arriving bring weapons or militant ideologies with them, or possibly even harbour fighters masquerading as refugees. Some have even argued that refugees can create tensions or imbalances between local groups, thus contributing to violence or instability. Likewise, when solutions remain elusive, protracted refugee situations can pose a host of other security issues. These may be contained to the local host area or may relate to broader security complications for the region. Resettlement countries have also invoked security concerns, in particular as relates to terrorism and countering violent extremism.

The evidence, however, suggests that many of these security concerns may be exaggerated, or exacerbated by the conditions in which refugees are hosted. While there can never be a security guarantee, the real risks of hosting refugees are very low, particularly in countries with rigorous screenings. It is also possible for refugees to contribute to global security, justice and accountability if they are able to provide testimony against a war criminal from their former home country.

## Conclusion

This paper has examined the impacts of refugee hosting through economic, social, political, environmental and security perspectives. It has discussed a range of forced migration scholarship to consider how these assessments are made and where further tools are needed to better measure the impacts of hosting refugees. The paper has also offered key lessons revealed in the literature that can foster increased responsibility sharing in order to mitigate the negative impacts of hosting refugees. Given that the majority of refugees are hosted by countries that are least able to respond to their needs, and in light of the current momentum to seek out better responses to largescale and protracted displacement, these lessons are important starting points for encouraging greater responsibility sharing in the world today.

## Suggestion

The previous sections have explored literature and other research pertaining to economic, environmental, political, social and security impacts of hosting refugees. The paper now pulls from the literature to examine how increased responsibility sharing can be achieved, and offers key lessons that emerge in the literature.

- States in the Global North must recognize that the vast majority of the world's refugees are hosted in the Global South, and that these countries assume significant challenges and immense responsibilities in hosting refugees.
- Northern states should then follow through with increased resettlement and policies that foster the full integration of refugees in their territories. Doing so may require additional resources and public campaigning to overcome problematic narratives about refugees that portray them as a drain on the economy or a security threat.
- Under more open policies, refugees can be an economic benefit to their host communities in the long term: Refugees bring skills and buying power, and can be an asset to the labour market.
- Many refugees utilize technology, and when given the opportunity, establish businesses that can create jobs and wealth.
- Refugees do not pose any more of a security risk than the general population. While each situation is different, refugees are no more likely to be involved in crime than the general population.
- Policies that avoid encampment or closed settlements often provide greater opportunities for refugees to meaningfully interact with host communities and access the labour market.
- They can also reduce tensions between hosts and refugees and foster win-win environments, whereby refugees and their hosts benefit.
- There is a need for additional research and the creation of metrics that can better inform policy makers on the impacts of hosting refugees.

## References

1. Gomez, M.P, Christensen, A.2010. *The impact of refugees on neighboring countries: A Development challenge*. World Bank. Washington, D.C., U.S.A.
2. Kirui P., Mwaruvie J.2012. *The Dilemma of Hosting Refugees : A focus on the insecurity in NorthEastern Kenya*. *International Journal of Business and social science*, vol.3 No, 8. Center for promoting Ideas, USA.
3. United Nation Higher Commission for Refugees.2014. *The role of hosting countries-the cost and impact of hosting refugees*. Executive committee of Zenith model united
4. UNECA.1992). *An Assessment of the SocioEconomic impact of refugees movements in Selected African*. Economic commission for Africa seventh session of the joint Conference of Africa planners, statisticians and demographer. Addis Ababa, Ethiopia, E/ECA/PSD.7.
5. NRC. 2014. *Ethiopian Fact sheet*, Norwegian refugee Council, Ethiopia.
6. Organization for African Unity.1969. *Convention Governing the specific Aspects of Refugee problems in Africa*. Addis Ababa, Ethiopia.

7. Jacobsen, K. (2001). *The forgotten Solution: Local integration for refugees in developing countries*. New issues in refugee research working paper NO
8. Alix-Garcia, J. and D. Saah (2010), “The Effect of Refugee Inflows on host Communities: Evidence from Tanzania”, *The World Bank Economic Review*, Volume 24, Issue 1, 1 January 2010.
9. Baez, J. (2011), “Civil Wars beyond Their Borders: The Human Capital and Health Consequences of Hosting Refugees”, *Journal of Development Economics* 96 (2): 391–408.
10. Balkan, B. and S. Tumen (2016), “Immigration and Prices: Quasi-Experimental Evidence from Syrian Refugees in Turkey”, *Journal of Population Economics*, 29: 657-686.
11. Borjas, G. (2003), “The Labor Demand Curve is Downward Sloping: Re-examining the Impact of Immigration on the Labor Market”, *The Quarterly Journal of Economics* 118 (4): 1335–1374.
12. Calderón-Mejía, V. and A. M. Ibáñez (2015), “Labour market effects of migration-related supply shocks: Evidence from internal refugees in Colombia”, *Journal of Economic Geography*, lbv030.
13. Ceritoglu, E., G. Yunculer, H. Burcu, H. Torun and S. Tumen (2015), “The Impact of Syrian Refugees on Natives’ Labor Market Outcomes in Turkey: Evidence from a QuasiExperimental Design”, *IZA Discussion Papers* 9348, Institute for the Study of Labor (IZA).