
Current Event Analysis

Economic and Social Impact of the Rohingya Crisis

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The year 2017 has been a challenging year for Bangladesh, considering numerous natural and man-made crises getting in the way of its growth and development journey. Just as the country was coming to grips with the colossal loss from sudden flash floods in north-eastern haor areas, followed by sharp inflation in rice market; it witnessed the most dreadful phase of Rohingya population evacuation process in neighboring Myanmar from August 25 onwards. Bangladesh encountered a humanitarian crisis to what the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA) was referring to as the fastest growing refugee crisis in the world. According to UNOCHA, as of January 11, Bangladesh Immigration and Passports Department has registered 971,627 Rohingya through biometric registration of whom 655,000 have arrived since August 25. Notably, Bangladesh was already hosting no less than 307,500 Rohingya refugees before the August 25 mayhem as per the estimations of UN Refugee agency, UNHCR.¹ The altruistic role of Bangladesh in managing this unprecedented influx of Rohingya people has been internationally acknowledged and applauded. However, for a country like Bangladesh the trade-off between being “humanitarian” and being “pragmatic” remains a crucial factor to consider at this stage. Hence, this Current Events Analysis piece attempts to provide a snapshot of the economic and social consequences of the Rohingya influx based on recent developments.

Economic and Environmental Impact on Host Communities

The immediate economic impact of the Rohingya influx has been felt by the general people living in the host region as well as the local agro and tourism business enterprises. Many hotels in Cox’s Bazar faced as high as 40% loss despite peak season business.² A severe supply shortage of food grains resulted in a price hike in Cox’s bazar. Local laborers are losing their share of wages since many Rohingya are offering similar services at a cheaper rate.³ Furthermore, forest resources valued at more than USD 28 million have been destroyed to build the makeshift shelters and to generate firewood. Beyond the evident economic impact of cutting down thousands of trees and hills, the environmental impact, at the very least, may lead to major landslides which have the potential of significant death tolls.⁴

Impact on Local Governance and Society

To put in context the scale of the impact of the Rohingya crisis on the local government of Cox’s Bazar, let us consider the average population per constituency. There are four parliamentary constituencies in Cox’s bazar wherein the average population per constituency is 590,476. The host constituency, Cox’s Bazar-4, comprised of Ukhia and Teknaf Upazilas, contains a population of 471,418.⁵ Therefore, the additional Rohingya influx of 655,000, August 25 onward, is higher than the average population per constituency of

Cox’s Bazar as well as the population of the host constituency. It is evident that the total Rohingya influx of about 1 million (till date) will pose a uniquely onerous burden on the existing local administration. The following negative consequences on the local society are afoot and likely to intensify if the crisis is not resolved soon:

- Negative impact on children’s education through the loss of school years of local students⁶
- Increasing incidences of illegal drug dealing activities and other manifestations of deterioration of law and order⁷
- Organizing of human traffickers centering the Rohingya women and children. ⁸
- Incidences of forced prostitution involving Rohingya women⁹
- Rise of voluntary and forced marriages between Bangladeshi citizens and Rohingya ¹⁰

Possible Impact on the next National Budget

Prior to the responses from the UN and other donor agencies in respect to this crisis, it was anticipated that Bangladesh may need to drastically revise the budget allocation for FY 2017-18 to host this additional Rohingya influx. Thanks to the “2017 Humanitarian Response Plan” (HRP) by UN OCHA for tackling the Rohingya crisis which allowed Bangladesh not to revise the budget of current fiscal.¹¹ Nevertheless, economists and think tanks opined that the Rohingya crisis will put enormous pressure on the next fiscal’s national budget, particularly as foreign aid begins to stagnate. As a result, Bangladesh may be forced to reduce budget allocation for its own development projects in FY 2018-19. To cite an example, to reduce the enormous pressure on host Cox’s bazar, Bangladesh government is planning to invest USD 300 million for the development of “Bhasan Char” area of Noakhali district where the Rohingya people will be relocated from Ukhia and Teknaf Upazilla of Cox’s Bazar.¹² The Bangladesh government is funding USD 120 million for this project.¹³ The rest of the project’s investment requirements are expected to be met through other international donor partners and countries.¹⁴

The 2017 HRP of UN OCHA has posited a total budget of USD 434 million for this crisis for a six-month period: September 2017- February 2018. This plan aims for serving 1.2 million people in need that includes Rohingya in Cox’s bazar before the August influx, the Rohingya influx after August 25 with additional contingency based estimations and the host communities of Cox’s bazar. As of January 21, 70.3% of that amount has been funded. On this backdrop, Table:1 presents the different estimations by local think tanks regarding funding requirements for hosting Rohingya influx in Bangladesh.¹⁵

Table 1: Cost Estimation for Hosting Rohingya

Institute	Estimation	Time Span
PRI	\$800 million - \$1 billion	1 Year
SANEM	\$1 billion - \$1.12 billion	1 Year
CPD	\$882 million	10 months

Source: Dhaka Tribune and CPD Research

The Policy Research Institute (PRI) and South Asian Network on Economic Modeling (SANEM) estimated the fund requirements for a year using per-capita-income-based forecasting method. The Center for Policy Dialogue (CPD) forecasted USD 882 million for a ten-month period up to June 2018, based on additional fund estimations by UNHCR to the existing HRP. Given that there are variables in the offing, to do with timelines for Rohingya repatriation (if it happens), CPD has calculated expenditure estimates in further detail, broken down by timelines. A summary is shown below, in Table 2:

Table 2: Scenario-based Cost Estimation

	<i>Core Assumption</i>	<i>Cost for Bangladesh</i>	<i>Timeline</i>
Scenario 1	1. No Rohingya repatriation happens until August 2018. 2. Bangladesh pays 50% of the total fund requirements. 3. Shelter along with Water and Sanitation structures from last period remains usable.	\$167.8 million	March 2018 - August 2018
Scenario 2	1. No Rohingya repatriation happens until February 2019. 2. Bangladesh pays 50% of the total fund requirements. 3. Half of the shelter along with water, sanitation and hygiene structures need to be rebuilt as these areas are natural disaster prone.	\$240 million	September 2018 - February 2019

Source: "Implications of the Rohingya Crisis for Bangladesh" by CPD

CPD's estimation indicates that the cost estimation of Scenario 1 is equivalent to 0.4% of FY 2017-18 Budget where the cost estimation of Scenario 2 would be equivalent to 0.8% of FY 2018-19 Projected Budget. Worth noting that these estimations are conservative, since they prioritize the cost of basic services like shelter, food, WASH, etc. Table 3 shows the sector-based fund requirements for hosting Rohingya influx by the HRP of UN OCHA. This shows that the first four basic services require more than two-third of the total fund requirements. Thus, even if Bangladesh covers the very basic services for a six-month period, the total expenditure may well surpass \$250 million.

Table 3: Sector-wise Fund Requirements for Sep 2017-Feb 2018

<i>Sector</i>	<i>Fund Required (\$)</i>	<i>Cumulative%</i>
Shelter	90,331,640	21%
Food Security	77,541,618	39%
WASH	73,591,732	56%
Site Management	56,468,196	69%
Health	48,337,575	80%
Protection	30,687,331	87%
Education	26,322,699	93%
Nutrition	11,089,833	95%
Others	19,701,551	100%
Total Fund Required (\$)	434,072,175	

Source: "HRP (Sep 17-Feb 18) Rohingya Refugee Crisis" by UN OCHA

Recent Developments

From August 25 onward, different countries have expressed concern regarding the atrocities happening in the Rakhine state of Myanmar, with some countries also contributing with relief and donations. On November 23, 2017, Bangladesh signed an agreement with Myanmar to form a joint-working group (JWG) that will oversee the Rohingya repatriation.¹⁶ However, experts are skeptical regarding this JWG. This is because one of the discussion points during the formation of the JWG committee had to do with verification of citizenship. Myanmar may refuse to budge from an outdated (1993) clause regarding such verification.¹⁷ Moreover, there is no commencement date specified in the agreement.

Already, there have been demonstrations in camps by Rohingyas against the repatriation process, for fear of violence they may face if they returned to Myanmar. The UN is also clear about necessitating that citizenship and fundamental human rights are ensured before repatriation ensues.¹⁸ Considering the previous experience of bilateral diplomacy with Myanmar in 1992-93, local experts believe that it is time for Bangladesh to avoid ad hoc policies regarding the Rohingya issue and craft long term and cogent strategies.¹⁹ Well thought-out diplomatic efforts with permanent members of the UN Security Council appears to be the need of the hour.

¹ UN High Commissioner for Refugees (UNHCR) Report. 2018. "UNHCR Bangladesh Operational Update, 8 - 15 January 2018."

² Special Correspondent. 2017. "Cox's Bazar tourism sector faces serious setback. The New Nation: November 14.

³ Kamrul Hasan. 2017. "Locals unhappy about losing labour market to Rohingyas". Dhaka Tribune: December 11

⁴ Tarek Mahmud. 2017. "Rohingya influx: 15-year-old forestation project destroyed in 57 days". Dhaka Tribune: October 21

⁵ CES Desk Research based on The National Web Portal of Bangladesh.

⁶ Tarek Mahmud. 2017. "Rohingya influx leaves Ukhiya, Teknaf schools in disarray". Dhaka Tribune: October 28.

⁷ Star Online Report. 2017. "3 Rohingya youths held with 20,000 yaba in Teknaf". The Daily Star: September 30.

⁸ Kelli Rogers. 2018. "In Bangladesh, aid groups confront an invisible danger". Devex: 16 January 2018

⁹ Nomia Iqbal. 2017. "Rohingya women in Bangladesh face 'forced prostitution". BBC News: November 13

¹⁰ Fiona Macgregor. 2017. "Rohingya girls as young as 12 compelled to marry just to get food". The Guardian: November 30.

¹¹ UN OCHA. 2017. "Humanitarian Response Plan (September 2017-February 2018), Rohingya Refugee Crisis". October 23.

Retrieved from: <https://www.unocha.org/rohingya-refugee-crisis>

¹² Asif Kallol. 2017. "Doing the math on the Rohingya crisis". Dhaka Tribune: November 10.

¹³ Ranajit Chandra. 2017. "Bhashan Char being prepared for rehabilitation of the Rohingyas". Dhaka Tribune: September 27.

¹⁴ Bangladesh Sangbad Sangstha. 2017. "Bangladesh, Turkish premiers agree to work together on Rohingya crisis". December 19

¹⁵ See note 12 & Dr. Fahmida Khatun. 2017. Presentation on "Implications of the Rohingya Crisis for Bangladesh". Center for Policy Dialogue. November 11.

¹⁶ Prothom Alo English Desk. 2017. "Working group formed to repatriate Rohingyas". Prothom Alo: December 18.

¹⁷ Faisal Mahmud. 2017. "Bangladesh, Myanmar Form Joint Working Group on Rohingya Repatriation; Experts Skeptical". The Wire: December 21

¹⁸ AFP. 2018. "Rohingya refugees in Bangladesh protest repatriation move". The Times of India: January 19

¹⁹ Round Table Discussions. 2017 "Rohingya issue and concerns for Bangladesh". The Daily Star: September 19

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