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**The role of host countries: the cost and impact of
hosting refugees****Contents**

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I. Introduction

1. Much of the literature on refugees makes a clear distinction between “donor States” on one hand (primarily those in the industrialized world that make financial contributions to UNHCR and other humanitarian agencies), and “refugee hosting countries” on the other (referring to those lower and middle-income States which have granted asylum to significant numbers of refugees).

2. The current paper is based on the notion that this traditional dichotomy is a misleading one, which fails to give adequate recognition to the financial and other costs incurred by countries falling into the latter category. A more equitable approach, the paper suggests, would be to consider all of those States that support the work of UNHCR and the maintenance of the international refugee protection regime as “contributing countries.”

II. The statistical story

3. The refugee statistics compiled by UNHCR tell a very clear story: those States that have a relatively low Gross Domestic Product per capita (GDP) accommodate a large and disproportionate number of the world’s refugees.

4. At the beginning of 2010, for example, developing countries hosted some 8.3 million refugees, equivalent to 80 per cent of the global refugee population. Just under a quarter of that number were to be found in the 50 least developed States.

5. Of the 10 countries with the largest refugee populations, seven were to be found in Africa, Asia and the Middle East. All 25 countries with the highest number of refugees in relation to GDP were to be found in the developing world, more than half of them in least-developed countries (LDCs).¹

III. Costs and impact

6. While the figures cited above provide a valuable insight into the substantial responsibility that developing countries have assumed in relation to refugees, they tell us little about the specific costs incurred by such States and the impact which exiled populations have upon their economy, society and administrative structures.

7. First, States that host refugees incur substantial financial costs, not least in paying salaries and meeting the other expenses of officials and members of the security services who are responsible for refugee-related tasks, and who are therefore unable to attend to other pressing national or local issues.

8. To this can be added costs such as constructing buildings as well as purchasing and maintaining the vehicles that are required to address both emergencies and longer-term refugee situations. In addition, it is a common scenario for United Nations agencies and international non-governmental organizations (NGOs) to recruit local staff members from government service or the private sector, whose replacements must then be identified and provided with appropriate training.

9. Second, refugee situations impose a wide range of economic, environmental and infrastructural costs on the countries where they are to be found. A sudden influx of people from a neighbouring or nearby State can increase market price, and decrease local wages; lead to deforestation and the reduction or contamination of water supplies; and place a significant strain on roads, bridges, warehousing facilities and the availability of land.

¹ For further details, please see the table, ‘Indicators of host country capacities and contributions’ on pages 153-155 of UNHCR’s 2009 *Statistical Yearbook*

10. In this respect, it is important to recognize that refugee populations are often found in remote and isolated border areas, characterized by relatively low levels of economic activity and with limited natural resources.

11. Third, States that host significant numbers of refugees incur important costs in terms of their security, their political process and their relationship with other States. 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.

12. In the worst case scenario, refugee populations may be politicized and even militarized, a situation which would place inevitable strains on the relationship between the country of asylum and country of origin. Even in less threatening situations, States that host refugees frequently find themselves devoting considerable amounts of governmental, parliamentary, judicial and administrative resources to refugee and asylum-related activities.

13. Above and beyond the costs and types of impact outlined above, it is important to acknowledge the role that lower and middle-income countries play in sustaining the international refugee protection regime as a whole. Of course, protection standards vary considerably in those parts of the world, and in certain countries refugees and asylum-seekers are confronted with a variety of threats and constraints: border closures, *refoulement*, confinement to camps and arbitrary detention, for example.

14. Even so, many countries that already have substantial refugee populations have kept their doors open to new arrivals, providing them with a level of security that is not available to them in their country of origin. Some developing and middle-income States have also offered refugees the opportunity to become naturalized citizens of their country of asylum, while a smaller number have made refugee resettlement places available.

15. Such gestures of solidarity and responsibility-sharing set an important example to other parts of the world, reaffirming the continued relevance of the fundamental principles of international and regional refugee law.

IV. Quantifying the contribution

16. To what extent is it possible to quantify the contribution of lower and middle-income countries in hosting such significant numbers of refugees?. The short answer to this question is that it is an extremely difficult task, especially when compared to that of calculating the funds that States make available to the budget of UNHCR and other humanitarian organizations.

17. According to a preliminary analysis undertaken by UNHCR's Policy Development and Evaluation Service (PDES), five specific obstacles can be identified:

(a) First, many of the contributions made by such countries are very difficult, if not impossible, to quantify. How, for example, does one calculate the value of the land which is made available for the establishment of refugee camps; the natural water resources to which refugees have free access; or the rights that accrue to refugees when they are given long-term residence rights or the option of naturalization? A more specific problem arises in urban contexts, where a growing proportion of the world's refugees are to be found, and where in many instances refugees have full or partial access to public services such as education and healthcare. No methodology has yet been developed to calculate the cost of this provision to the host State and society.

(b) Second, financial contributors to UNHCR's budget usually provide very precise figures in relation to their donations and are able to publicize those contributions in a very effective manner. By way of contrast, lower and middle-income countries that host large refugee populations have not, to the best knowledge of UNHCR, ever attempted to quantify or itemize their contributions to the work of the Office and to the broader task of

providing refugees with protection, assistance and solutions. UNHCR would welcome hearing from any State wishing to engage in such an exercise.

(c) Third, the impact of refugees on their country of asylum is not a simple one, and must be approached in a differentiated manner. For example, while comparing refugee numbers to national GDP figures has some value, it also obscures the fact that the most important forms of refugee impact are felt at the local level. And even at the local level, the arrival and continued presence of a refugee population may affect different groups of people in different ways. Workers may find that they face increased competition for employment, while employers benefit from a new source of cheap and willing labour. Local residents might witness the degradation of the environment in areas where refugees have settled, while entrepreneurs may move in to the area to take advantage of the commercial opportunities that always arise in refugee situations.

(d) Fourth, the costs incurred by lower and middle-income countries with large refugee populations are to some extent offset by the funds that are channelled through UNHCR, as well as other humanitarian and development organizations. In certain countries, for example, the costs and expenses of government bodies established to manage refugee issues are covered in full or in part by UNHCR. In many refugee situations, moreover, especially those that have become protracted, the Office strives to act as a catalyst for the engagement of development actors that can mitigate the negative impact of refugee populations and bring longer-term benefits to the areas where those refugees are to be found. In this context, it has to be acknowledged that the distribution of humanitarian and development resources to countries with large refugee populations is not necessarily an equitable one. Inevitably, perhaps, and for a variety of different reasons, some of those countries are able to attract greater and more sustained international interest than others.

(e) Finally, while this paper has dwelt on the costs and negative impact of refugee populations, there is considerable evidence to suggest that exiled communities can make a very positive contribution to the economy and society of the countries where they have settled, especially in situations where they have access to land, the labour market and other livelihood opportunities, and when they enjoy freedom of movement. UNHCR is firmly committed to the notion of self-reliance and is determined to ensure that refugees are able to maximize their value to the countries in which they live, pending the time when a durable solution can be found for them.

V. Conclusion

18. UNHCR considers that the time has come for the international community to give greater recognition to the costs incurred by those lower and middle-income States that accommodate the largest proportion of the world's refugees.

19. In that respect, the Office questions the usefulness of the traditional distinction that has been made between "donor States" and "refugee-hosting "States", and suggests that the notion of "contributing countries" would be more equitable in nature, even if the ease with which such contributions can be calculated varies considerably from one country to another.

20. At the same time, UNHCR considers that refugees need not be an unmitigated burden on the countries where they have taken up residence, especially if they are provided with an opportunity to make use of their productive capacities, and if they are supported by the international community in full accordance with the principles of international solidarity, cooperation and responsibility-sharing.