

ECONOMIC AND SOCIAL IMPACT OF MASSIVE REFUGEE POPULATIONS  
ON HOST DEVELOPING COUNTRIES, AS WELL AS OTHER COUNTRIES

I. INTRODUCTION

1. The majority of countries hosting large numbers of refugees are developing and poor countries. The report of the High Commissioner to the General Assembly on “*Strengthening the Capacity of the Office of the High Commissioner for Refugees to carry out its Mandate*”<sup>1</sup> indicates that from 1997 to 2001, developing countries hosted two thirds of the global population of concern to UNHCR.
2. Refugee-hosting communities are often in remote areas largely ignored by the host government. Developing countries that host refugees for protracted periods can experience long-term economic, social and environmental consequences.
3. In many countries, refugees face restrictive asylum regulations that hinder the development of their human potential and capacities. Refugees and returnees are often not included in national development plans. They are excluded from activities undertaken by development actors, which normally follow the priorities of the recipient government. The donor community, United Nations agencies, non-governmental organizations and concerned governments do not systematically incorporate refugee needs into transitional and recovery plans.
4. In the “Omnibus” resolution on UNHCR<sup>2</sup>, the General Assembly called upon UNHCR “to continue to play its catalytic role in mobilizing assistance from the international community to address the root causes, as well as the economic, environmental and social impact of large-scale refugee populations in developing countries, particularly least developed countries, and countries with economies in transition”.
5. At the 26<sup>th</sup> meeting of the Standing Committee in March 2003, delegations requested that more country-specific studies on the socio-economic impact of refugee populations be undertaken and proposed that UNHCR continue to quantify hosting countries’ contributions. Many delegations expressed their support for the High Commissioner’s new policy direction, now outlined in the *Framework for Durable Solutions for Refugees and Persons of Concern*, and encouraged UNHCR

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<sup>1</sup> A/58/410, 3 October 2003.

<sup>2</sup> A/C.3/58/L.39, 13 November 2003.

to continue to forge strategic partnerships to promote the productive capacity of refugees and the development of refugee-affected areas.

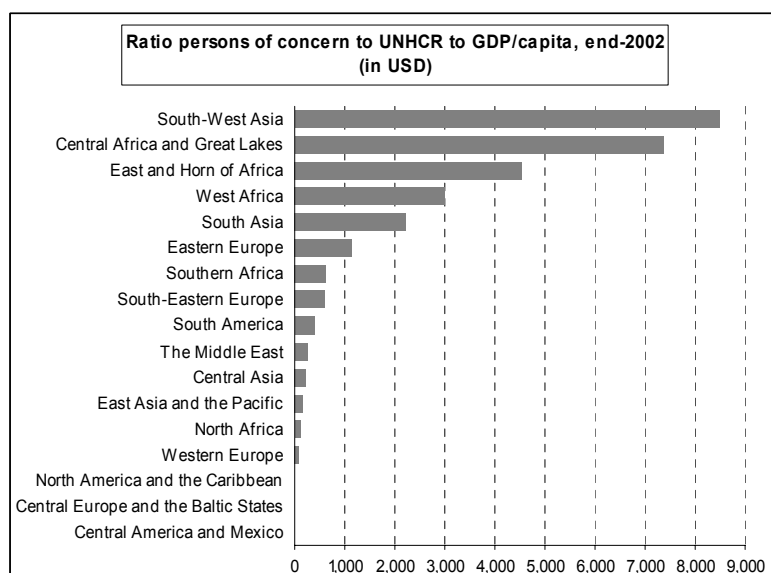
6. The present paper provides an overview of recent studies on the impact of refugees on host countries and an update on UNHCR's efforts to quantify host country contributions. It also describes UNHCR's work to promote equitable burden sharing, to enhance prospects for durable solutions for refugees, as well as to mitigate the social and economic impact of refugee populations on host communities.

## II. IMPACT OF REFUGEE POPULATIONS ON HOST COUNTRIES AND CONTRIBUTIONS OF HOST COUNTRIES

7. In early 2003, more than 35 per cent of the 20.6 million asylum-seekers, refugees and other persons of concern to UNHCR were hosted by the 41 Least Developed Countries (LDCs). Of the 10.5 million refugees under UNHCR's mandate, 29 per cent were hosted by Sub-Saharan Africa.

8. South-West Asia<sup>3</sup>, covering Afghanistan and the Islamic Republics of Iran and Pakistan, hosts the largest population of concern to UNHCR (5.9 million). With a Gross Domestic Product of around USD 700 per capita, this region carries the highest burden (see chart). The region hosting the second largest population of concern to UNHCR, in relation to per capita income, is Central Africa and the Great Lakes, followed by East and Horn of Africa, and then West Africa.

9. Central and Western Europe and Central and North America host the smallest numbers of people of concern to UNHCR relative to their wealth.



<sup>3</sup> Regional classification based on the 2002 UNHCR Global Report.

10. The impact of refugees on a host society can also be assessed at the local level. On 1 January 2004, UNHCR began implementing a system to collect, monitor and analyze a core set of quantifiable indicators across refugee operations. These indicators will help to measure the quality of refugee programmes and the well-being of beneficiaries in relation to international and regional standards and targets, including the Millennium Development Goals (MDGs). Although these indicators by no means measure the full impact of refugees on the local economy and society, they will provide further evidence on the relationship between refugees, host communities and international burden sharing.

11. Since the 26<sup>th</sup> meeting of the Standing Committee, several studies have analyzed the impact of large-scale refugee populations on host countries in order to understand and address the consequences. These studies confirm both negative and positive impacts of refugee populations on host communities. For example, a joint EC-FAO mission on the formulation of a self-reliance strategy in and around refugee camps in Guinea, undertaken in June 2003, revealed the negative impact of the refugee presence on the environment, through deforestation, loss of biodiversity, and competition for agricultural land. Negative impacts on the economy included an increase in the prices of essential food commodities, the overcrowding of local markets (which lead to lower overall hygiene levels), and decreased purchasing power among the poorest locals.

12. At the same time, the mission acknowledged that refugees could have a positive impact on the economy by contributing to agricultural production, providing cheap labour and increasing local vendors' income from the sale of essential foodstuffs. Local populations benefited from access to schools, clinics and other social facilities built by the international community<sup>4</sup>.

13. UNHCR and partners have developed a strategy allowing for the protection of forests and the continuation of the self-sufficiency programme. The swampland development programme, aimed at intensifying agricultural production, has given refugees stable land tenure, whilst at the same time reducing pressure on the uplands. From a total of 16,000 refugee farmers, around 7,000 have cultivated swamplands for crop production. This represents a saving of about 5,000 hectares of uplands forest. This access to swamplands has helped refugees to improve their own food security and self-reliance while contributing positively to the local economy, as they also became suppliers of agricultural products.

14. Since the influx of refugees in Ethiopia in the eighties, UNHCR and NGO partners have been managing a large water programme, mainly targeting the refugees and returnees. With its partners, UNHCR has been constantly involved in promoting new water management techniques in Eastern Ethiopia in the last few years. Initially in arid regions of Ethiopia, UNHCR successfully introduced and constructed Haffir Dams from Sudan. These large earth dams that collect water during the rainy season were built in the vicinity of former refugee camps as compensation for the

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<sup>4</sup> Formulation d'une stratégie d'autosuffisance dans et aux alentours des camps de réfugiés en Guinée, Rapport de mission, Programme de coopération CE/FAO, Mécanisme CE/FAO pour la fourniture de services consultatifs, GCP/INT/758/CE-GUI (14), Septembre 2003.

host communities. Another pioneer project was the development of the Jerar Valley Water System, using a groundwater-fed water supply system and rainwater harvesting technologies. This project demonstrated that it is possible to provide large amounts of groundwater for people and cattle in an area where this was perceived as impossible some years ago. The overall rate of people with access to safe water for the Somali Region in Ethiopia thus increased by two per cent, considerably reducing social tensions and improving the wealth of both local and refugee populations.

15. A study carried out in Uganda<sup>5</sup> on the integration of refugee children into national education systems underlines that the perceived refugee resource burden is one of the central factors that preclude policies promoting social and economic integration. Often, the mere structural integration of services serves as a substitute for the more complex process of integration. In reality, however, integration of refugees can foster long-term development of educational infrastructure that benefits both refugee and local communities. Local children, who would otherwise have to walk many kilometres to the nearest national school or forego their education entirely, benefit from attending schools built for refugee children.

16. According to the National Refugee Baseline Survey in South Africa<sup>6</sup>, commissioned by UNHCR with financial support from the Japan International Cooperation Agency, the majority of refugees come from fairly well educated and skilled backgrounds. Given the opportunity, they can contribute positively to the development of the local economy. Only 3 per cent of those surveyed indicated they were unemployed prior to their flight. In contrast, 24 per cent of refugees indicated they were unemployed in South Africa. Of the employed, very few worked in the area of their expertise; the vast majority earned a living hawking goods on the streets or doing piece jobs, such as washing cars.

17. The study also highlighted that despite the Government's policy favouring the immigration of skilled people to address the country's need for professionals, the potential of a large proportion of refugees was not being utilized.

18. Important obstacles to the economic potential and self-reliance of refugees were the delayed issuance of refugee identity documents and a lack of access to other available government services, such as primary education, health and social welfare. The survey revealed that no less than 26 per cent of refugee parents reported they were not sending their children to primary school, mainly due to financial constraints and over-crowding of schools.

19. In view of the findings of the report, UNHCR and the Government are working together further to sensitize various departments to the valuable contribution that the majority of asylum-seekers and refugees can make to the South African economy, and the need to develop a harmonized approach for the inclusion of refugees among their beneficiaries.

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<sup>5</sup> "Local integration as a durable solution: refugees, host populations and education in Uganda" by Sarah Dryden-Peterson (Makerere Institute of Social Research) and Lucy Hovil (Refugee Law Project, Makerere University), September 2003.

<sup>6</sup> National Refugee Baseline Survey: Final Report, commissioned by UNHCR and JICA, conducted by the Community Agency for Social Enquiry (CASE), November 2003.

### III. APPLYING THE FRAMEWORK FOR DURABLE SOLUTIONS

20. In 2003, UNHCR developed the *Framework for Durable Solutions for Refugees and Persons of Concern*, which aims to share burdens and responsibilities more equitably, build capacity to receive and protect refugees, and redouble the search for durable solutions.

21. The Framework for Durable Solutions is a key building block in support of the Agenda for Protection and the Convention Plus initiative. It consists of Development Assistance for Refugees (DAR); Repatriation, Reintegration, Rehabilitation and Reconstruction (4Rs); and Development through Local Integration (DLI). DAR, in particular, seeks to promote additional development assistance to improve burden sharing, especially for countries hosting a large number of refugees; the empowerment and enhancement of refugee productive capacity and self-reliance pending durable solutions; and, a better quality of life for both refugees and host communities.

22. UNHCR and the Government of Uganda are developing a DAR approach to build on the ongoing Self Reliance Strategy (SRS). SRS is a joint strategy, launched in 1999, to improve the overall standard of living in refugee-hosting districts through refugee empowerment and self-reliance initiatives. The Government of Uganda and host communities, which generously provided land and opportunities to refugees under the “right-of-use-for-the-time-they-are-in-exile”, have been instrumental in ensuring that refugees make progress towards self-reliance. Refugees have accomplished one of the main SRS objectives: food self-sufficiency. SRS has also contributed to peaceful coexistence and human security in refugee-hosting districts.

23. The Government of Uganda wishes to build on the achievements of SRS and to integrate these into national and district development plans. SRS would then form a part of existing development processes and programmes with broader resource bases. The Government would thus include SRS in its Poverty Eradication Action Plan (PEAP) and facilitate additional development assistance for refugees.

24. In pursuing this objective, the Government of Uganda and UNHCR have agreed to undertake a comprehensive mid-term review of the Uganda SRS in the refugee settlements and host communities of Northern Uganda to draw lessons and help develop plans to promote DAR and the subsequent resource mobilization strategy. An inter-agency multidisciplinary team commenced the review in early February 2004.

25. In respect to the Zambia Initiative, the Government of Zambia and UNHCR have organized the first Annual Review of progress in December 2003 with the participation of United Nations agencies, donors and other partners. In addition to contributions from the United States, Japan, Sweden and Denmark, USD 1.2 million have now been approved from the United Nations Trust Fund for Human Security (funded by the Japanese Government). Key findings from the Annual Review highlight that the implementation of projects under the Zambia Initiative is empowering refugees and host communities, as well as contributing considerably to the development of refugee-hosting districts in the Western Province, some of the poorest in the country. This fact is recognized by all stakeholders, and has fostered coexistence and security in the area. It has also resulted in motivating the civil service and line ministries which are now able to provide support and back-up

to the initiative, while implementing project activities. However, the Review recommended the building of sustainable Government-led support and coordination mechanisms for the Zambia Initiative, as well as the integration of bilaterally funded programmes in the overall coordination mechanisms to prevent fragmentation of implementation. Bearing in mind that UNHCR is not a development agency, there is a need to involve United Nations development agencies and NGOs with a longer-term commitment.

26. As local integration features strongly in UNHCR's durable solutions strategies in Serbia and Montenegro and in Armenia, UNHCR is trying to determine if DLI would be appropriate in those countries. Serbia has adopted a national strategy for refugees and IDPs and the Government of Montenegro is drafting a strategy to ensure the integration of refugees/IDPs into national development programmes. The Poverty Reduction Strategy Paper (PRSP) in Serbia and Montenegro includes refugees and IDPs among the target groups for socio-economic programmes. Similarly, the PRSP in Armenia includes refugees and IDPs as a major category of persons suffering from poverty whose needs are to be addressed under the PRSP. As the World Bank and bilateral donors have announced that their assistance strategies for Armenia will be guided by the PRSP, the inclusion of refugees and IDPs in the PRSP is an important step to receive the additional development assistance required to solve the displacement issues in Armenia.

27. In Sudan, regional authorities have given positive signals on the potential for adopting a self-reliance approach for Eritrean residual cases as they are identified, thus opening avenues for DAR/DLI. UNHCR's programme activities for 2004 and 2005 are expected to be oriented in this direction. As an integral part of this approach, UNHCR continues to facilitate activities aimed at addressing issues on refugee-impacted areas.

28. General Agreements remain with the findings and recommendations of the October 2002 Inter-Agency Mission and the resulting Plan of Action for the rehabilitation of refugee-affected areas in eastern Sudan. The total project portfolio amounted to USD 11.5 million. UNHCR plans to commit USD 1.8 million to this rehabilitation programme in 2003 and 2004. Eight camps have already been closed, and infrastructures and environments have been rehabilitated and handed over to the local authorities. In addition, to date a total of 14,500 hectares of forests have been rehabilitated in the refugee-affected areas in eastern Sudan.

29. In October 2003, UNHCR launched an initiative to develop new policy frameworks to manage population flows to and from Afghanistan by the end of 2005. In partnership with the Governments of the countries concerned – Afghanistan and the Islamic Republics of Iran and Pakistan - and international organizations, it will examine the incidence of different forms of population movements to and from Afghanistan, their economic impact on the neighbouring countries, and potential responses to the challenges and issues identified. In Pakistan, UNHCR will intensify its cooperation with UNDP on a refugee-impacted area programme aimed at redressing the effects of the long-standing Afghan presence in border provinces.

30. Several government departments in South Africa welcomed the findings of the National Refugee Baseline Survey, described earlier in this paper. The Department of Home Affairs made a commitment to improve the issuance of refugee identity documents by upgrading the refugee

registration system and establishing a database, with the support of UNHCR. This database will improve the management of refugee information, in particular their skills profile, which should facilitate access of refugees to services and self-reliance opportunities and national services. Similarly, the Department of Education pledged to enrol more refugee children in primary education through, for example, the provision of more systematic support to under-resourced local schools in urban areas that welcome refugee children.

31. Both issues offer opportunities for the possible implementation of the DAR approach in South Africa by involving more bilateral and multilateral actors. UNHCR and the Japan International Cooperation Agency are exploring possibilities for expanding their partnership in support of this positive initiative. The inclusion of refugees as beneficiaries of JICA's assistance within the current JICA country programme is also being considered.

32. Given the willingness of the Government of Gabon to encourage the self-reliance of refugees, UNHCR will discuss in 2004 how a DAR approach could be concretely applied, pending durable solutions for this group of mainly Congolese refugees.

#### IV. A COORDINATED APPROACH

##### UNHCR as a member of UNDG

33. In order to ensure that persons of concern to UNHCR are given due consideration in the formulation of transitional and recovery policies, UNHCR became a member of the United Nations Development Group (UNDG) in 2003. This step was part of an integral effort to strengthen cooperation between UNHCR and United Nations development agencies and provides a solid foundation for development agencies to promote durable solutions for people of concern to UNHCR. In addition, UNHCR will seek to strengthen its participation in the United Nations Country Team (UNCT) and the Resident Coordinator system. The General Assembly in 2003 welcomed the admission of UNHCR to the UNDG and invited the Development Group "to include, through the resident coordinator system and in full consultation with the Governments concerned, consideration of the needs of refugees and, as applicable, other persons of concern to the Office of the High Commissioner in the Common Country Assessment and the subsequent formulation and implementation of their development programmes."<sup>7</sup> This will also support efforts to implement the Millennium Development Goals.

34. As a first step, a UNDG working group will be established in early 2004 to develop UNDG guidelines for UNCTs and Resident Coordinators on durable solutions for refugees, IDPs and returnees. UNHCR and UNDP will take the lead roles.

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<sup>7</sup> Para. 4 of A/C.3/58/L.41, 13 November 2003.

## V. CONCLUSION

35. The implementation of the Framework for Durable Solutions is an important step in achieving more international commitment to burden sharing and durable solutions. While refugees, especially in large numbers, put an enormous strain on the socio-economic landscape of hosting countries, they also bring significant human and material assets and resources.

36. The international community should continue to support countries hosting a large number of refugees in order to mitigate the effects of their presence, promote their productive capacity and develop refugee-populated areas for the benefit of both local communities and refugees. This requires a concerted effort by host governments, development agencies and bilateral donors to include refugees in their development policies and programmes.

37. UNHCR will continue to advocate for the inclusion of refugees in the development agenda and to build partnerships to ensure the integrated support of humanitarian and development agencies to countries hosting large populations of refugees.