

# **Economic Implications of the Rohingya Crisis for Bangladesh and National Budget FY2019**

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## *Context*

- ❑ Despite worldwide concern for and condemnation of the atrocious act of the Myanmar military government, Rohingya people continue to take shelter in Bangladesh since 25 August 2017.
- ❑ Between 25 August 2017 and 15 March 2018, about 671,500 Rohingyas fled to Cox's Bazar from Myanmar.
- ❑ The forced displacement of the Rohingya people from Myanmar and their influx to Bangladesh have given rise to a grave situation for Bangladesh with potentially serious consequences from a number of dimensions.
- ❑ Several initiatives have been undertaken to address the crisis, at various levels and in various ways.
- ❑ The Government of Bangladesh (GoB) has been actively engaged to deal with the concerned multi-pronged issues. International agencies and non-state actors in Bangladesh have also been involved in addressing the attendant concerns.

# 1. Background

- ❑ A Memorandum of Understanding was signed on 23 November 2017 between Bangladesh and Myanmar for the repatriation of Rohingyas.
- ❑ Bangladesh and Myanmar formed a joint working group (JWG) on 19 December 2017.
- ❑ Myanmar State Counsellor said they would take back daily maximum 300 Rohingyas.
- ❑ Rohingya repatriation was planned to start from 23 January 2018. But the process is being delayed due to some ground level complexities.
- ❑ On 21 February 2018, Myanmar Minister of Social Welfare urged for two more weeks to verify and confirm the first list of 8,032 Rohingyas repatriation.

## 2. Understanding the Rohingya Crisis

- ❑ According to a report by the European Commission (2017), Rakhine state of Western Myanmar/Burma is home to at least 800,000 Muslims where the majority identify themselves as Rohingya.
- ❑ The Rohingyas were stripped off their citizenship and right to self-identify by the **1982 Citizenship Law** of Myanmar (European Commission, 2017).
- ❑ The Rohingyas are also subject to many restrictions in day to day life. For example, they are banned from travelling without authorization; prohibited from working outside their villages; cannot marry without permission; and lack sufficient access to livelihood opportunities, medical care and education due to movement restrictions.
- ❑ The brutal killing of the Rohingya people and violence against them for several decades by the government of Myanmar have forced the Rohingyas to leave their country and take shelter in neighbouring countries. Most of them have entered Bangladesh.
- ❑ Though the Rohingyas have been coming to Bangladesh since the 70s, a massive influx happened during 1991-1992. Among those who arrived in the early nineties, 33,148 are living in Nayapara and Kutupalong camps in Cox's Bazar managed by the UN Refugee Agency (European Commission, 2017).

### 3. Humanitarian Support

- ❑ The Ministry of Disaster Management and Relief of the GoB and several national and international organizations have been providing humanitarian support to the Rohingyas.
- ❑ Humanitarian response plan estimated a total of USD 434 million was required for the six months, starting from September 2017.
- ❑ At a pledging conference in Geneva organised by the United Nations, IOM, UNHCR, OCHA and co-hosted by Kuwait and the European Union (EU), a total of US\$ 434 million was sought as humanitarian assistance for the Rohingya people living in Bangladesh.

### 3. Humanitarian Support

- ❑ As of 25 March 2018, around USD 322 million has been received which is around 74.4 per cent of the total appealed fund.
- ❑ To meet future requirements, a Joint Response Plan (JRP) has been formed for March-December 2018 with an initiative of UN agencies to continue the existing support along with probable risk of future challenges.
- ❑ Total USD 950 million is needed as support under the JRP to meet the immediate needs of more than 880,000 Rohingya refugees and over 330,000 Bangladeshis in communities affected by the crisis
- ❑ Food security, wash, shelter and non-food products, camp site management, health, nutrition and emergency education related emergency activities are the key requirements of this project.
- ❑ Under this project, minimum 25 per cent of the fund will be used in different sector-wise development for host community.

### 3. Humanitarian Support

- ❑ In the humanitarian response plan (September 2017- February, 2018), GoB has already contributed USD 4.37 million which is equivalent to 1 per cent of total appealed fund (USD 434 million) (*Source: Financial Tracking System, 2018*).
- ❑ All types of government relief has been given in kind to the Rohingyas (*Source: Financial Tracking System, 2018*).
- ❑ A project of USD 280 million was approved in National Economic Council (NEC) to build a temporary camp for 100,000 Rohingyas in *Bhashan Char, Noakhali* District.
- ❑ Almost 40 per cent of the construction work has already been completed in *Bhashan Char*.
- ❑ Though there is little hope of foreign grants for building Rohingya Refugee Island in *Bhashan Char*, GoB has continued to work on this project.
- ❑ Another major contribution is biometric registration of the Rohingyas as '*Forcefully Displaced Myanmar National*' with the help of Passport department, Bangladesh Army and UNHCR.



## 4. Fiscal Implications

- ❑ According to the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) and United Nations High Commissioner for Refugees (UNHCR), total fund requirement for the September 2017 – February 2018 would be USD 517.8 million (USD 434 million + USD 83.8 million additional funds)
- ❑ In November 2017, CPD estimated that USD 882 million will be required for the period September 2017 - June 2018
- ❑ Based on the commitment of Myanmar on Rohingya repatriation, CPD has estimated the cost of hosting the Rohingyas based on three scenarios

**Table 1: Description of hypothetical scenarios and their underlying assumptions**

<b>Scenario 1: Assuming 300 Rohingyas are repatriated every day, without incorporating population growth and inflation</b>	<b>Common Assumptions:</b> <ul style="list-style-type: none"> <li>➤ Total Rohingyas: 860,000               <ul style="list-style-type: none"> <li>• Previous Rohingyas: 205,000</li> <li>• New Rohingyas: 655,000</li> </ul> </li> <li>➤ Working days: 25 days per month</li> <li>➤ Inflation rate: 6% every year</li> <li>➤ Population growth rate: 1.5%</li> <li>➤ Estimates indicate only direct costs to be incurred for the Rohingyas</li> <li>➤ Implicit costs for the environmental degradation and morbidity and mortality can be large</li> <li>➤ Repatriation and relocation costs not included</li> </ul>
<b>Scenario 2: First scenario repeated by incorporating population growth and inflation</b>	
<b>Scenario 3: Assuming 200 Rohingyas are repatriated every day by incorporating population growth and inflation rate</b>	

## 4. Fiscal Implications

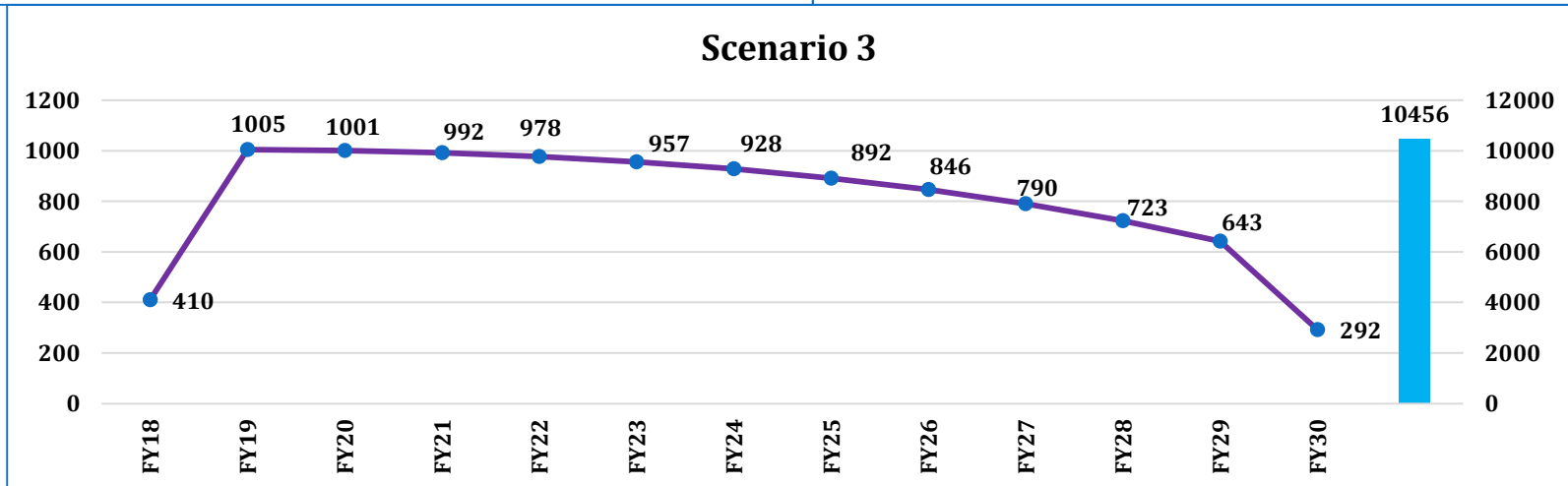
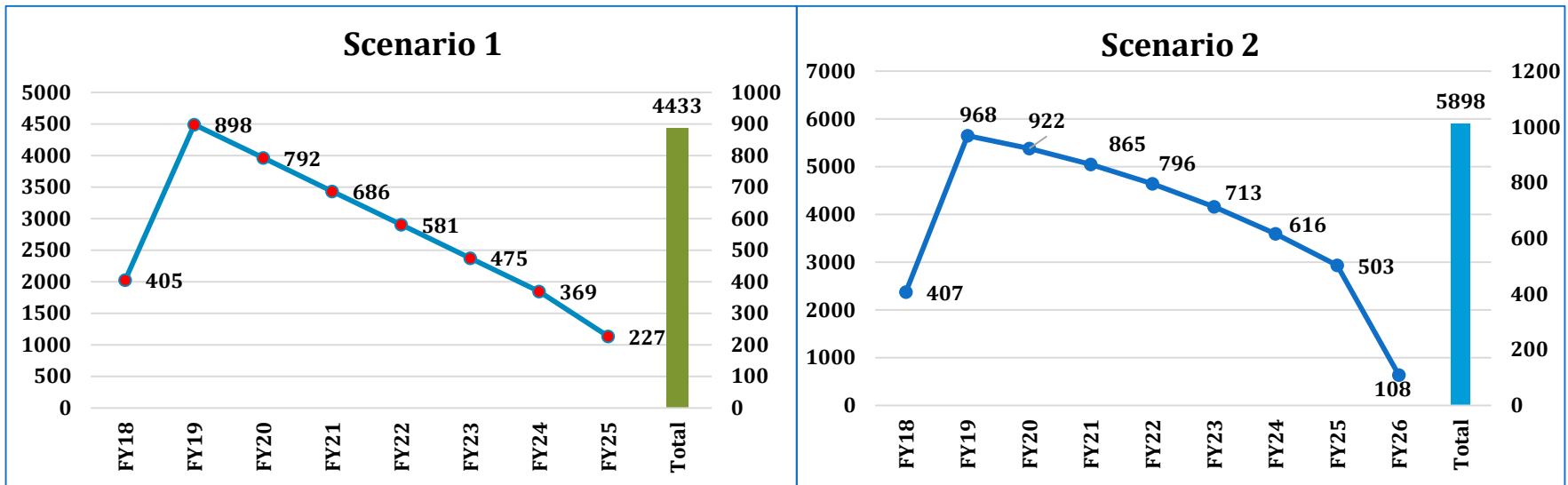
**Table 2: Summary Findings on Repatriation Time and Cost of Hosting Rohingyas**

Scenarios	Assumptions	Required years for repatriation	Cost of hosting Rohingyas (USD mln)	Previous Rohingya entrants	
				Remaining after repatriation	Cost of hosting in the following period (USD mln)
<b>Scenario 1</b>	-300 Rohingyas per day -no inflation or population growth	<b>7</b> <i>(up to FY25)</i>	<b>4,433</b> <i>(up to FY25)</i>	<b>205,000</b> <i>(up to FY25)</i>	<b>384</b> <i>(in FY26)</i>
<b>Scenario 2</b>	-300 Rohingyas per day -population growth and inflation rates included	<b>8</b> <i>(up to FY26)</i>	<b>5,898</b> <i>(up to FY26)</i>	<b>231,000</b> <i>(up to FY26)</i>	<b>466</b> <i>(in FY27)</i>
<b>Scenario 3</b>	-200 Rohingyas per day -population growth and inflation rates included	<b>12</b> <i>(up to FY30)</i>	<b>10,456</b> <i>(up to FY30)</i>	<b>245,000</b> <i>(up to FY30)</i>	<b>625</b> <i>(in FY31)</i>

# 4. Fiscal Implications

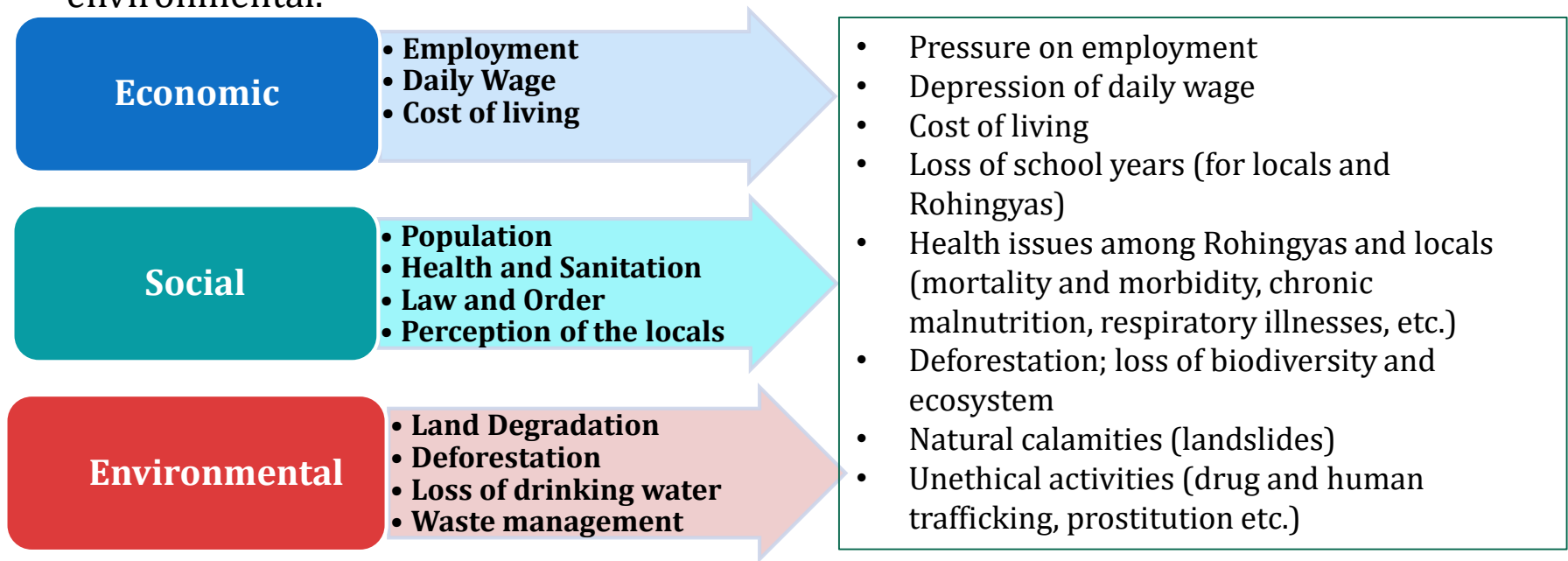
## CPD Estimation: Cost of Hosting the Rohingyas

Figure: Cost of hosting the Rohingyas throughout the repatriation period in million USD



## 5. Different Impacts of Rohingya Crisis

- ❑ Bangladesh is facing several challenges due to the unfolding crisis of the Rohingya influx.
- ❑ Challenges are coming from three different dimensions- economic, social and environmental.



- Around 6,000 acres of land was deforested by the Rohingya camps.
- According to CPD estimates, this is equivalent to **Tk. 741.3 crore** or **USD 86.7 million**.

## 5. Different Impacts of Rohingya Crisis

**Table 3: Environmental Risk for Physical Impacts at the Rohingya Camp Areas**

Potential Risk	Impact	Reversible
<b>Air Quality</b>		
Impact of cooking on the indoor air quality	Severe	Yes
Dust generation	Moderate	Yes
Air pollution from transport	Minor	Yes
<b>Acoustic Environment</b>		
Noise from road transport	Minor	Yes
<b>Ground Water</b>		
Ground water depletion	Critical	Not in short time
Ground water contamination	Critical	Not in short time
<b>Surface Water</b>		
Change in water quality	Moderate	Yes
Change in hydrology	Moderate	Yes
<b>Soils and Terrain</b>		
Soil removal and erosion	Severe	No
Soil diversity	Moderate	Not in short time
Land capability	Severe	Not in short time
Change in the terrain that may cause land slides	Severe	No
<b>Sewer sludge Management</b>	Critical	Yes
<b>Solid Waste Management</b>	Critical	Yes

Source: Rapid Environmental Impact Assessment done by UNDP, and MoEF, 2017

## 5. Different Impacts of Rohingya Crisis

### *Pressure on Forest Resources*

- A total of 3,713 acres of forest lands have already taken for camp settlement.
- Total monthly requirement of fuelwood for Rohingyas is approximately 6,880 tons.
- Around 90 per cent forest land will be cleared within 10 km buffer zone, if fuelwood is collected at current rate.
- Teknaf Wildlife Sanctuary (TWS), Inani National Park and Himchari National Park may be affected by fuelwood collection.
- Asian Elephants are becoming critically endangered due to this influx. According to International Union for Conservation of Nature (IUCN), 40 elephants have been trapped in the west side of Rohingya camp near Myanmar border.

**Table 4: Future biomass and fuelwood demand in the influx area**

Parameter	Buffer of 5 km	Buffer of 10 km
Total biomass available from natural forest (tons)	28,100	74,300
Total biomass available from plantations	124,100	211,600
Biomass required for 650,000 Rohingyaa (tons/month)	6,825	6,825
Time required to consume all available fuelwood from natural forest	4 months	11 months
Time required to consume all available fuelwood from plantations	18 months	31 months

Source: Rapid Environmental Impact Assessment done by UNDP, and MoEF, 2017

## 6. Recommendations

- ❑ Ensure smooth repatriation process of the Rohingyas as agreed between the governments of Bangladesh and Myanmar
- ❑ Support for the Rohingyas from the donors should be in the form of grants only
- ❑ Continue energetic diplomacy at international and regional platforms to accelerate the repatriation process
- ❑ Security measures in the Rohingya camps and adjacent areas, particularly in the Southern part of the country have to be strengthened. The law enforcing agencies have to be vigilant to stop illegal activities, drug trade, trafficking and terrorism.
- ❑ Estimation of the social and environmental cost is required as they have long-term implications in Bangladesh.

*Thank You*