

## The positive legacy of refugee camps

By Carlos Vargas-Silva, University of Oxford

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On 2 April, members of the Al-Shabaab Islamic militant group attacked Garissa University in Kenya, killing nearly 150 people. Soon after, the Kenyan government ordered the closure of the Dadaab refugee camp complex, where it believes Al-Shabaab has been operating for some time and which lies 100 kilometres from the university.

Kenya's deputy president said the Kenyan authorities will relocate the refugees if UNHCR (the UN refugee agency) fails to do so. The camp complex was established more than two decades ago and hosts hundreds of thousands of Somali refugees.

UNHCR has urged the Kenyan authorities to reconsider their position, highlighting the human cost of closing the camps and citing international legal obligations towards refugees.

But as well as considering the opposing priorities of national security versus the humanitarian and legal responsibilities, the economic consequences of closing the camps should be examined too.

Evidence suggests that, overall, having a refugee camp in an area is economically beneficial. [1] Many reports suggest that refugees in camps are not economically isolated from host communities, as the public often assumes. [2] In fact, refugees interact frequently with host communities, an interaction that includes major trade relationships.

In the case of the Dadaab refugee camp, a 2010 report estimated the income for the host community from selling milk to the refugees at US\$1.2 million for that year. The trade in meat accounted for US\$1.8 million in the same year. [3]

This is not wholly unexpected. A sudden increase in an area's population brings a rise in demand for goods and services. Refugees also increase a region's workforce, and producers can take advantage of the cheap labour supply. Finally, the presence of international organisations helping with the crisis boosts demand for products and services such as food, housing and transport.

More surprising is the evidence suggesting that the economic impact of refugee camps often outlasts the existence of these camps. And it persists even after the refugees have returned home.

For instance, a study looking at the Kagera region of Tanzania, which experienced large refugee inflows from Burundi and Rwanda in the 1990s, suggests that, even after the refugees had returned home, the local Tanzanian population still had higher consumption levels. [4] This effect seemed to be driven by a drop in transport costs because of roads built to serve the refugee camps.

Other studies explore how the host population change their economic activity. One suggests that Tanzanians adjusted to the presence of refugees by moving away from activities such as casual agricultural jobs, for which there was strong competition from refugees, and instead move to farming and raising their own livestock at home. [5] Tanzanians also took advantage of opportunities for government jobs in refugee-affected areas. [6]

It is clear that the closure of the Dadaab camps, if it finally occurs, will have serious negative consequences for the refugees. As we've seen, evidence suggests that the regional economy is also

likely to suffer significantly. But the presence of the refugees has transformed the host communities and for them the overall economic benefits of the camps may be long lasting.

## References

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- [5] Isabel Ruiz and Carlos Vargas-Silva The labor market consequences of hosting refugees (Social Science Research Network, 20 April 2015)
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