CPD Working Paper 120

Fiscal Implications of Rohingya Crisis for Bangladesh

Fahmida Khatun
Md Kamruzzaman
Centre for Policy Dialogue (CPD) was established in 1993 as a civil society initiative to promote an ongoing dialogue between the principle partners in the decision-making and implementing process. Over the past 25 years, the Centre has emerged as a globally reputed independent think tank, with local roots and global reach. A key area of CPD’s activism is to organise dialogues to address developmental policy issues that are critical to national, regional and global interests, with a view to seeking constructive solutions from major stakeholders. The other key area of CPD’s activities is to undertake research programmes on current and strategic issues.

CPD’s dialogues are designed to address important policy issues and to seek constructive solutions to these problems. In doing so, CPD involves all important cross-sections of the society, including public representatives, government officials, business leaders, activists of grassroots organisations, academics, development partners and other relevant interest groups. CPD focuses on frontier issues which are critical to the development process of Bangladesh, South Asia and LDCs in the present context, and those that are expected to shape and influence the country’s development prospects from the mid-term perspectives. CPD seeks to provide voice to the interests and concerns of the low-income economies in the global development discourse. With a view to influencing policies, CPD deploys both research and dialogue which draw synergy from one another.

CPD’s research programmes are both serviced by and intended to serve, as inputs for particular dialogues organised by the Centre throughout the year. Major research themes are: Macroeconomic Performance Analysis; Resource Mobilisation and Fiscal Policies; Inclusive Growth and Labour Issues; Trade, Regional Cooperation and Global Integration; Investment Promotion, Infrastructure and Enterprise Development; Agriculture, Climate Change and Environment; Gender, Human Development and Social Protection; Sustainable Development Goals (SDGs); and Governance and Institution.

CPD also conducts periodic public perception surveys on policy issues and issues of developmental concerns. With a view to promoting vision and policy awareness amongst the young people of the country, CPD is also implementing a Youth Leadership Programme. CPD serves as the Secretariat of two global initiatives. LDC IV Monitor is an independent global partnership for monitoring the outcome of the Fourth UN Conference on the LDCs. Southern Voice on Post-MDGs is a network of 50 think tanks, which seeks to contribute to the ongoing global discourse on the SDGs. At the national level, CPD hosts the Secretariat of the Citizen’s Platform for SDGs, Bangladesh—a civil society initiative that include about 90 Partner organisations, founded with an objective to contribute to the delivery of the SDGs and enhance accountability in its implementation process. In recognition of its track record in research, dialogue and policy influencing, CPD has been selected as one of the awardees of the Think Tank Initiative (TTI) through a globally competitive selection process for two consecutive times.

Dissemination of information and knowledge on critical developmental issues continues to remain an important component of CPD’s activities. Pursuant to this, CPD maintains an active publication programme, both in Bangla and in English. As part of its dissemination programme, CPD has been bringing out CPD Occasional Paper Series on a regular basis. It may be noted in this connection that since November 2011, the Series has been re-introduced as CPD Working Paper Series. Research work in progress, background papers of dialogues, investigative reports and results of perception surveys which relate to issues of high public interest are published under this series.

The present paper titled Fiscal Implications of Rohingya Crisis for Bangladesh has been prepared under the Independent Review of Bangladesh’s Development (IRBD) programme of the CPD. The paper is authored by Dr Fahmida Khatun, Executive Director, CPD <fahmida@cpd.org.bd> and Mr Md Kamruzzaman, Research Associate, CPD <kzaman.md92@gmail.com>

Executive Editor: Ms Anisatul Fatema Yousuf, Director, Dialogue and Communication, CPD
Series Editor: Dr Fahmida Khatun, Executive Director, CPD
The study presents some preliminary observations on economic and social impact of recent Rohingya influx to Bangladesh, based on field-level investigations. It also makes estimations on resource requirements for hosting Rohingyas under various scenarios. According to the study, required fund for Rohingya population amounts to USD 1,211 million in fiscal year 2018-19. Assuming that 300 Rohingyas will be repatriated per day from January 2019, and there are no increases in population growth and inflation rates, the required repatriation time will be 11 years. Assuming that 300 Rohingyas are repatriated per day, and population growth and inflation rates will follow the existing trend, repatriation will take 12 years. If 100 Rohingyas are repatriated per day, and population growth and inflation rates are taken into consideration, total repatriation period will be 42 years. Resource requirements in the above mentioned scenarios will be USD 6,348 million, USD 9,197 million and USD 75,011 million, respectively. A fourth scenario, where there is no repatriation, and changes in population growth and inflation rates are included, the cost of hosting the Rohingya people during the first five years will stand to USD 7,046 million.
Abstract
Acronyms

1. Introduction 1
2. Recent Influx 1
3. Initiatives to Resolve the Rohingya Crisis 2
4. Initial Observations from the Field 4
5. Fiscal Implications of Rohingya Crisis for Bangladesh 8
6. Conclusion and Recommendations 14

References 15

List of Tables and Figures

Table 1: Rohingyas Reported by Location as of 21 June 2018 2
Table 2: Estimation of Requirements by the UNHCR and the Authors 10
Table 3: Description of Hypothetical Scenarios and Their Underlying Assumptions 10
Table 4: Summary Findings on Repatriation Time and Cost of Hosting Rohingyas 13

Figure 1: Fund Requirement for September 2017 – February 2018 8
Figure 2: Additional Fund Requirement for September 2017 – February 2018 9
Figure 3: Sector-wise Fund Requirement for March 2018 – December 2018 9
Figure 4: Cost of Hosting Rohingyas throughout the Repatriation Period: Scenario 1 11
Figure 5: Cost of Hosting Rohingyas throughout the Repatriation Period: Scenario 2 11
Figure 6: Cost of Hosting Rohingyas if Only 100 People are Repatriated Daily: Scenario 3 12
Figure 7: Cost of Hosting Rohingyas in 1-, 5-, 10- and 12-Year Periods if There is No Repatriation: Scenario 4 12
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>BCIM</td>
<td>Bangladesh-China-India-Myanmar (Forum for Regional Cooperation)</td>
</tr>
<tr>
<td>BDT</td>
<td>Bangladeshi Taka</td>
</tr>
<tr>
<td>BIMSTEC</td>
<td>Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation</td>
</tr>
<tr>
<td>CPD</td>
<td>Centre for Policy Dialogue</td>
</tr>
<tr>
<td>ECNEC</td>
<td>Executive Committee of the National Economic Council</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FGD</td>
<td>Focus Group Discussion</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GoB</td>
<td>Government of Bangladesh</td>
</tr>
<tr>
<td>INGO</td>
<td>International Non-Government Organisation</td>
</tr>
<tr>
<td>IOM</td>
<td>International Organization for Migration</td>
</tr>
<tr>
<td>ISCG</td>
<td>Inter Sector Coordination Group</td>
</tr>
<tr>
<td>JRP</td>
<td>Joint Response Plan</td>
</tr>
<tr>
<td>KII</td>
<td>Key Informant Interview</td>
</tr>
<tr>
<td>MSF</td>
<td>Medicins Sans Frontier</td>
</tr>
<tr>
<td>MoDMR</td>
<td>Ministry of Disaster Management and Relief</td>
</tr>
<tr>
<td>MoU</td>
<td>Memorandum of Understanding</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Government Organisation</td>
</tr>
<tr>
<td>OCHA</td>
<td>United Nations Office for the Coordination of Human Affairs</td>
</tr>
<tr>
<td>OHCHR</td>
<td>Office of the United Nations High Commissioner for Human Rights</td>
</tr>
<tr>
<td>SIM</td>
<td>Subscriber Identification Module</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNHCR</td>
<td>United Nations High Commissioner for Refugees</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollar</td>
</tr>
<tr>
<td>WASH</td>
<td>Water, Sanitation and Hygiene</td>
</tr>
<tr>
<td>WFP</td>
<td>World Food Programme</td>
</tr>
</tbody>
</table>
1. INTRODUCTION

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, with a majority having entered Bangladesh. According to a report by the European Commission, the Rakhine state of Western Myanmar is home to at least 800,000 Muslims, who mostly identify themselves as Rohingyas, were stripped off their citizenship and right to self-identity under the 1982 Citizenship Law of Myanmar (European Commission, 2017). They are also subject to many restrictions in day-to-day life. For example, they are banned from travelling without authorisation, 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.

In fact, the brutality against the Rohingyas by the Myanmar Army has been termed as “ethnic cleansing” by the Office of the United Nations High Commissioner for Human Rights (OHCHR) (OHCHR, 2017). While they have been coming to Bangladesh since the 70s, a massive influx happened during 1991-92. Among the Rohingyas who arrived in the early 90s, 33,148 are living in Nayapara and Kutupalong camps in Cox’s Bazar, managed by the UN (United Nations) Refugee Agency (European Commission, 2017). Killing and torture of the Rohingyas in Myanmar started afresh in August 2017, leading to their massive migration into Bangladesh.

This new influx has given rise to new multi-faceted challenges for Bangladesh, involving issues related to humanitarian, economic, security, strategic and diplomatic concerns. The sub-regional, regional and international aspects of the emerged crisis are complex in nature and significant in scale. Their influx to Bangladesh has also given rise to a grave situation for the country with potentially serious consequences in areas such as employment, wages, education, health and environment.

Given that Bangladesh is a country with limited resources, the inflow of Rohingyas is likely to put significant pressure on the economy. This paper has estimated costs for hosting the Rohingyas in Bangladesh under different scenarios. The authors present some observations based on field-level investigations in the early period of the recent Rohingya influx. The paper also discusses various initiatives undertaken to resolve the crisis, and makes a set of recommendations for addressing the Rohingya crisis.

2. RECENT INFLUX

According to UN’s Inter Sector Coordination Group (ISCG), 706,000 Rohingyas have arrived in the Cox’s Bazar district of Bangladesh between 25 August 2017 and 21 June 2018 (ISCG, 2018b). This has raised the Rohingya population in Bangladesh to more than 918,936 as of 21 June 2018. However, according to the Joint Response Plan (JRP) for Rohingya Humanitarian Crisis, the total number of people in need, including in Bangladesh host communities, stands at 1.3 million (ISCG and SEG, 2018). Table 1 provides a detailed distribution and estimated number of the Rohingyas living in different areas of camps and settlements and host communities of Bangladesh, as of 21 June 2018 (ISCG, 2018b).

Bangladesh is signatory to several international human rights treaties whose provisions indirectly promote the rights of refugees. However, they are not enforceable in courts of law. Bangladesh has been issuing identity cards to the Rohingyas as Myanma Nationals, who have been biometrically registered by the Immigration and Passport Department of Bangladesh (Oh, 2017). As of 19 June 2018, the Government of Bangladesh (GoB) reports biometric registration of 1,118,426 Rohingyas (ISCG, 2018b). The registered Rohingyas receive three kinds of humanitarian support – shelter, relief
and medical facilities. A Memorandum of Understanding (MoU) was signed on 23 November 2017 between Bangladesh and Myanmar for the repatriation of the Rohingyas. The process was planned to start from 23 January 2018. However, repatriation is predominantly delayed due to the reluctance of Myanmarese authorities. Complexities in the verification process and uncertainty about their safe return have also delayed the repatriation process.

3. INITIATIVES TO RESOLVE THE ROHINGYA CRISIS

Following the influx of Rohingyas since 25 August 2017, the Bangladesh Government, along with various international organisations, have taken several initiatives in view of the crisis, including diplomatic and bilateral initiatives and humanitarian support. These efforts are briefly summarised below.

3.1 Diplomatic Initiatives

The Prime Minister of Bangladesh Sheikh Hasina presented a five-point proposal at the 72nd Session of the UN General Assembly. It stipulated that Myanmar must unconditionally stop the violence and the practice of ethnic cleansing in the Rakhine state, and that the Secretary-General of the UN should immediately send a Fact-Finding Mission to Myanmar. Moreover, all civilians, irrespective of their religion and ethnicity, must be protected in Myanmar. For that, ‘safe zones’ could be created inside Myanmar, under UN supervision. Furthermore, the proposal specified that sustainable return of all forcibly displaced Rohingyas in Bangladesh to their homes in Myanmar be ensured. It was also demanded that the recommendations of the Kofi Annan Commission Report must immediately be implemented unconditionally and in its entirety.

Moreover, the UN Security Council called on Myanmar to end excessive military force and intercommunal violence in the Rakhine state, and the Kofi Annan Commission urged Myanmar to resolve the Rohingya...
crisis in Rakhine. In October 2017, the European Union (EU) renewed its sanctions against Myanmar until 30 April 2018, and suspended its invitations to the Commander-in-Chief of Myanmar due to “disproportionate use of force carried out by the security forces” by Myanmar (The European Council, 2017). In addition, EU extended and strengthened its arms embargo, and adopted a framework for targeted sanctions against officials in April 2018, which culminated in sanctions against seven military officials in June 2018 (The European Council, 2018). In 2017, United States of America (USA) declared the withdrawal of military assistance from Myanmar due to their government’s maltreatment of the Rohingya people (Council on Foreign Relations, 2017). In February 2018, USA passed the Burma Human Rights and Freedom Act of 2018 (US Congress, 2018); and in May 2018, they passed the Burma Act of 2018, which imposes targeted sanctions and military travel restrictions, and limits military cooperation between the USA and Myanmar (Foreign Affairs Committee, 2018). In addition, an MoU was signed between India and Myanmar on 20 December 2017 to develop the Rakhine state and facilitate the safe return of the Rohingyas (Ministry of External Affairs, 2017). In July 2018, UN Secretary-General Antonio Guterres and World Bank President Jim Yong Kim visited Rohingya camps in Bangladesh. During the visit, the Secretary-General said more funds are urgently needed, as only 26 per cent of the USD 950 million humanitarian aid plan remain funded (UNHCR, 2018). Moreover, three female Nobel Peace Laureates, including Iran’s Shirin Ebadi visited Rohingya camps in February 2018, and called for Rohingya women’s unique needs be met, in light of the high levels of sexual and gender-based violence that many have suffered (The Daily Star, 2018).

3.2 Bilateral Initiatives

Bangladesh’s Home Minister visited Myanmar on 24-27 October 2017, and discussed possible ways to repatriate the Rohingyas back to Myanmar with the Myanmar’s Minister for Home Affairs. During the visit, Bangladesh and Myanmar signed two agreements on security and border cooperation (Naing, 2017). They agreed to take concrete efforts and measures for safe, honourable and secure return of the Rohingyas to their homeland Myanmar. They also agreed to restore normalcy in the Rakhaine state to enable the displaced Myanmar citizens to return to their homeland at the earliest. After November 2018, the Terms of Reference signed between Myanmar and Bangladesh restated starting of the repatriation process. Myanmar State Counsellor said they would take back a maximum of 300 Rohingyas per day. However, another source claims that Myanmar did not agree to Bangladesh’s 10-point proposal (Miazee, 2017).

3.3 Humanitarian Support

The Ministry of Disaster Management and Relief (MoDMR) of the GoB and several national and international organisations have been providing humanitarian support to the Rohingyas. At a Pledging Conference in Geneva organised by the UN, International Organization for Migration (IOM), United Nations High Commissioner for Refugees (UNHCR) and the United Nations Office for the Coordination of Human Affairs (OCHA), and co-hosted by Kuwait and the EU, a total of USD 434 million was sought as humanitarian assistance for the Rohingya people staying in Bangladesh. A total of USD 360 million was committed by 36 sources at the conference (OCHA, 2017c).

According to OCHA’s Financial Tracking Service, total incoming fund for 12 sectors is equivalent to USD 143.19 million as of 10 November 2017, which is 33 per cent of Appeal Fund (OCHA, 2017a). Of the USD 434 million required, USD 316.5 million has been received, which is 72.9 per cent of the appealed amount (Financial Tracking Service, 2017). In May 2018, the European Commission committed 40 million Euros for the Rohingyas, of which 29 million Euros is for humanitarian aid for food, nutritional support, clean water, protection, etc. in Cox’s Bazar district; 7 million Euros to scale up preparedness measures for the rainy season; and 4 million Euros for those in Myanmar’s Rakhine state (European
Commission, 2018). More recently, the World Bank has approved a USD 50 million additional grant to an existing Health Sector Support Project that could increase the total amount to around USD 480 million (World Bank, 2018). In addition, the Asian Development Bank (ADB) has approved a grant assistance of USD 100 million, the first of a package totalling USD 200 million which will go toward the displaced people sheltered in the camps in Ukhaia and Teknaf for water supply and sanitation, disaster risk management, energy and roads (ADB, 2018).

The UN agencies with international non-government organisation (INGO) partners released the 2018 JRP in view of the Rohingya humanitarian crisis (ISCG and SEG, 2018). They appealed to the international community for USD 951 million to meet the fundamental needs of the nearly one million Rohingyas and more than 330 thousand local Bangladeshis in the host communities for a period of 10 months, from March 2018 to December 2018. As of 2 August 2018, an amount of only USD 305.6 million has been received, which is 32.1 per cent of the total appealed figure mentioned above (Financial Tracking Service, 2018).

4. INITIAL OBSERVATIONS FROM THE FIELD

The emergent Rohingya crisis has imposed challenges for Bangladesh from three main aspects – economic, social and environmental. The magnitude of impact in each of these areas will be determined by the length of stay of the Rohingyas. The adverse effects are likely to have impact on local commodity prices, tourism, employment opportunities and wages; also there will be strains on the natural resources, exerting a negative impact on the environment.

The present research was undertaken by the Centre for Policy Dialogue (CPD) during the initial phase of the Rohingya influx to Cox’s Bazar. A field investigation team comprising three researchers from CPD collected information from Ukhaia and Teknaf camps in Cox’s Bazar from 30 October to 2 November 2017. The team conducted eight focus group discussions (FGDs) with Rohingyas (both old and new entrants) and local people in Ukhaia upazila, and 15 key informant interviews (KIs) of government officials, development workers, local hotel staff, businessmen and small traders, as part of the field study. They also carried out informal discussions with local people, and made first-hand observations at the campsites. This sections presents a few notable observations of the research team that are likely to have impact-related implications in view of this crisis.

4.1 Economic Impact

Employment, wages and cost of living

There are several indications of the changing structure of employment in the local economy, as observed by the CPD study team. The languages spoken by the Rohingyas and the local people of Cox’s Bazar are relatively similar, which has allowed their quick integration with each other. This has created some income-earning opportunities for the local people, who have started up small businesses to sell fishes, vegetables, bamboo, sticks, etc. inside the camps. Since shelters are made mostly of bamboo, it has become quite a profitable commodity for them. Jobs are also created for the day-labourers inside the camps, since a number of undergoing projects require their engagement in large scales, for building makeshift houses or setting up latrines, tube-wells, etc. As jobs at the camps are readily available, the day-labourers are switching from the local job markets to work with the aid agencies. This, on the other hand, has led to shortage of farm-hands for the local farmers, which is impacting them negatively.
Conversely, it was found during the field investigation that the host communities and other local stakeholders have complaints about the fall in their daily wages. For example, a day-labourer used to earn Tk. 400-500 for a full-day work, per day; whereas in the camps, the daily wage rate is as low as Tk. 150-200.

Regarding the living cost, members of the local community have stated that costs of various essentials and services such as transport have increased many-folds since the influx began. This has occurred mostly due to the surge in demand by the aid workers.

**Tourism**

Cox’s Bazar has the longest sea beach in the world and is the main tourist attraction point in Bangladesh. The district town and the surrounding areas receive the largest part of the national and international tourists all year-round. St. Martin Island is another popular tourist spot being the country’s only coral island. Recently a ban was imposed on ship traffic around the St. Martin, because of the ongoing unrest along the Bangladesh-Myanmar border. This has created severe concerns among the local tour operators, as they have expressed their apprehension about losing a large number of tourists due to the raised situation. In addition to regular tourists, many people stay overnight at Cox’s Bazar before travelling to St. Martin Island. So ban in St. Martin might affect the whole region’s business prospect. Livelihood of a large number of people depends heavily on tourism in the Cox’s Bazar-Teknaf-St. Martin region. The present situation – with the border unrest, state of law and order around the campsites and other factors – is most likely to result into loss of the tourism business to some considerable extent.

4.2 Social Impact

**Population and child birth**

Many NGO (non-government organisation) workers have noted during their discussion with the research team, that the Rohingyas, in general, have a high birth rate, because they lack awareness regarding family planning. Moreover, around 3 per cent of the Rohingya women were pregnant, and 7 per cent were lactating who required targeted food support (Relief Web, 2018). Consequently, the Rohingya population in the camps are likely to increase in the coming days, which will intensify the pressure on food, health and other basic needs.

**Health and education**

Due to unhygienic water and sanitation situation in the Rohingya camps, the overall health issue could become a major concern. According to one of the NGOs working on water, sanitation and hygiene (WASH), each latrine is dedicated for 10 families (60 people), while each of their tube-wells are set for 50 families. Concerns exist with adequacy of latrine or tube-well facilities; also for their constructional structures. Latrine pits are built with only 2-3 rings, meaning they get filled up fast, causing many of the Rohingyas to resort to open defecation. The children in the camps either have no shoes or do not want to wear them at all. Hence, there are high risks of diseases. Families often show reluctance to accept new and better latrines. Women feel shy in using the latrines as they are far from their shelters, and there are often long queues. So, open defecation is likely to become a common practice in future, which will increase the risk of spreading diseases.

Additionally, there are concerns regarding the tube-well installation, as many shallow ones are set with low depths of 30-40 feet. It means that these will become useless after some time when they will not
reach the level of underground waters any more. So, scarcity of safe drinking water is likely to become an issue in the future.

The makeshift shelters at the Rohingya camps do not have any windows. With cooking done mostly indoors, the risk of respiratory infections is high.

Around the camp areas, some of the schools are being used as military barracks to hold the soldiers, which is disrupting the education of local students. Many children are actually skipping schools; many of them are working in the camps for earning some amount. This will definitely affect their prospects of grade completion, drop out chances and results in the national exams. Thus, the education system is bearing an adverse effect for the local community.

As for the Rohingyas, many families are sending their children to *maqtab* (religious schools) in the camps. Bangla is not allowed to be taught to the Rohingya children; they are learning Burmese, English and basic Mathematics. However, because of the language barrier, and with the lack of experts in Burmese, it is difficult to discern what is actually being taught to the Rohingya children in their own language.

In case of education of local higher level students, it was observed that those with an education of just up to higher secondary level, are now easily getting work opportunities with the development partners in various capacities. This may affect their long-term potentials, as most of these students are missing out on their education to get benefitted from these scopes of temporary income.

**Perceptions of local people**

During the interviews with the Rohingyas, it was found that sometimes they have tried to enter the local villages to collect firewood. However, the villagers did not allow their entry, and confiscated their tools and knives. Discussions have revealed, that the locals are actually discontent with the presence of the Rohingyas. The locals feel that the Rohingyas are beneficiaries of aid, the cause of price hike, the loss of local people’s income, and have increased security concerns of their own locality. Some local families reported that they used to receive medical care at the Medicins Sans Frontieres (MSF) Holland, but since the arrival of the Rohingyas, they are not given free services anymore. Moreover, the World Food Programme (WFP) used to provide them a monthly stipend of Tk. 1,050, which has now been stopped. Previously, the locals were free to move around, but now they have to carry identity cards. Locals are also dissatisfied for having to incur significant losses due to the discontinuation of the social afforestation programme, as those lands are now being used to provide shelters to the Rohingyas. A local businessman claimed that he incurred loss of about Tk. 1 crore in the social afforestation programme. Before the recent crisis, local people had used the nearby lands for grazing their cows, which is also no longer available.

**Law and order**

During field investigation, the locals and the aid workers echoed concerns over the prospect of future deterioration of the law and order situation in the area, such as those mentioned below.

**Human trafficking:** It was reported that the Rohingyas slip out of the camps despite the guards and restrictions in place. FGDs during field visits have revealed that crime syndicates involved in Rohingya trafficking charge between Tk. 20,000 and Tk. 50,000 to smuggle those who are reluctant to stay in the camps.
Forced prostitution: During the field visit, several aid workers mentioned trafficking of women as another major concern, wherein many are becoming victims to be sold at the international markets for unethical activities. Earlier, many female entrants got involved in prostitution due to their poor living conditions (Glinski, 2017). Interview respondents have raised concerns that the newcomers are more at risk of falling prey to the brokers who set up meetings with clients. Also there are security concerns for Rohingya women and children who go out of the camps for collecting water or cooking fuel.

Fake identity and drug cartel: Furthermore, according to the locals, many previous entrants have received Bangladeshi identity cards through bribes to third parties, and many were involved in drug peddling. Local representatives and aid workers fear that the Rohingyas might be allured into distribution of drugs.

Issue with the SIM cards: During the field visit, many Rohingyas living in various campsites were found to be possessing Bangladeshi SIM (subscriber identification module) cards. Local social workers of the camps reported that Rohingyas could get their phone sets charged easily by paying Tk. 5-10. It should be mentioned here that the GoB has imposed a ban on the telecom operators to sell SIM cards to the Rohingyas, as they do not have the necessary identification documents yet, which are required to purchase a SIM card. So, their access to SIM cards poses some concerns. The research team also learnt that one of the Rohingyas living in the camp was found to be using social networking sites. This has some delicate implications for Bangladesh, since content of such social media posts may create sensitive reactions in the international community.

4.3 Environmental Impact

Accommodating about an additional million Rohingya population in the Cox’s Bazar zone have made a severe impact on the environment of the area, which imposes negative externalities on the local community.

Deforestation in camp areas

Deforestation for settlement and burning of woods will have direct cost implication for the ecology, economy and society. The total forest area in Cox’s Bazar in 2016 was 2,092,016 acres. From these, 3,500 acres were lost immediately due to the Rohingya influx (according to the District Commissioner’s Office of Cox’s Bazar). This loss is equivalent to 1.67 per cent of Cox’s Bazar’s total forest area, and 0.05 per cent of the total national forest area.

During the period from late August to December 2017, around 4,000 acres (equivalent to about 2.4 thousand hectares) of area were deforested. Another 2,000 acres were to face the same fate following the influx of the Rohingyas (Yousuf, 2017). The situation has further deteriorated, as the Rohingyas are felling trees in the forests to collect firewood for cooking. Collection of fuel wood will naturally increase during the dry season. According to a newspaper report, the value of lost forest land would be equivalent to Tk. 500 crore (Bonik Barta, 2017). Cost of deforestation can be estimated directly through: (i) loss of firewood and timber, (ii) loss of carbon stock, (iii) loss of non-timber forest products, and (iv) loss of fodder yield. However, there are many indirect costs of deforestation which cannot be expressed only in monetary terms. These include the long-term impacts through loss of biodiversity and disruption in the ecological balance of the region.
**Waste management**

Waste management is another problem in the Rohingya campsites since most shelter structures are made of tarpaulin, bamboo and tin shed. These are basically non-disposable items. Plastic is also used frequently, particularly for supplying drinking water. Rohingya people living in the campsites are not aware of the proper disposal methods of such items; and thus, creating wastes that will cause severe environmental hazards in the future.

5. FISCAL IMPLICATIONS OF ROHINGYA CRISIS FOR BANGLADESH

In Cox’s Bazar, the humanitarian activities for the Rohingyas from Myanmar is coordinated by the ISCG, and led by the IOM and the UNHCR. In addition to the USD 434 million they sought at the Pledging Conference in Geneva (mentioned in the Section 3.3), the Group launched a new JRP on 16 March 2018. A breakdown of this proposition is discussed below.

According to OCHA’s initial estimation, the total funding requirement in various sectors, to accommodate 1.2 million Rohingya people staying in Bangladesh, will stand at around USD 434 million for the period from September 2017 to February 2018 (OCHA, 2017b). The sectorial requirements are shown in Figure 1.

In addition to the above mentioned amount, UNHCR has sought another USD 83.7 million funds for the same period (September 2017 to February 2018), breakdown of which is shown in Figure 2. In this regard, the total funds required for the six-month period stands at USD 517.78 million (UNHCR, 2017).

Moreover, for the period from March 2018 to December 2018, the JRP for the Rohingya Humanitarian Crisis has estimated the cost of hosting Rohingyas to be about USD 951 million (ISCG and SEG, 2018). The sector-wise fund requirement for this period is shown in Figure 3.

**Figure 1: Fund Requirement for September 2017 – February 2018**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Funding Requirement (USD Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shelter</td>
<td>90.3</td>
</tr>
<tr>
<td>Food Security</td>
<td>77.5</td>
</tr>
<tr>
<td>WASH</td>
<td>73.6</td>
</tr>
<tr>
<td>Site Management</td>
<td>56.5</td>
</tr>
<tr>
<td>Health</td>
<td>48.3</td>
</tr>
<tr>
<td>Protection</td>
<td>30.7</td>
</tr>
<tr>
<td>Education</td>
<td>26.3</td>
</tr>
<tr>
<td>Nutrition</td>
<td>11.1</td>
</tr>
<tr>
<td>Multiple Sectors</td>
<td>7.5</td>
</tr>
<tr>
<td>Communications with Communities</td>
<td>4.2</td>
</tr>
<tr>
<td>Coordination</td>
<td>4.2</td>
</tr>
<tr>
<td>Logistics</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Source: OCHA (2017b).
5.1 Estimation of Requirements for the Rohingyas

The authors of this paper have estimated the fund requirement for hosting the Rohingyas for the period of FY2018-19, i.e. July 2018 to June 2019 (12-months), based on the estimation made by the UNHCR, which is about USD 951 million from March 2018 to December 2018 (10-months). Assuming the requirement contexts will remain the same, an amount of USD 1,211 million or Tk. 100,973.18 crore will be required for FY2018-19. Details are presented in Table 2.
Table 2: Estimation of Requirements by the UNHCR and the Authors

<table>
<thead>
<tr>
<th>UNHCR Estimation for Mar-Dec 2018 (Million USD)</th>
<th>Authors’ Estimation for FY19 (Based on UNHCR Estimation)</th>
<th>Cost as Percentage Share of National Budget FY18 (Crore Tk.)</th>
<th>GDP FY18</th>
<th>Total Revenue for Bangladesh FY18</th>
<th>Social Protection and Empowerment Allocation FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Million USD)</td>
<td>(Crore Tk.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNHCR Estimation for Mar-Dec 2018 (Million USD)</td>
<td>950.80</td>
<td>1211.00</td>
<td>100973.18 (Crore Tk.)</td>
<td>2.47</td>
<td>0.42</td>
</tr>
</tbody>
</table>

Source: UNHCR (2017); Authors’ calculations.

Note: a. The figures are compared with the national budget, gross domestic product (GDP), revenue and social protection and empowerment allocations for FY2017-18, because for FY2018-19, only the figure of the national budget is available.
b. Adjusted for population growth and inflation rates.
c. Exchange rate period average for May 2018: USD 1 = BDT 83.38 (Bangladesh Bank, 2018).

5.2 Cost Estimation based on Hypothetical Scenarios

The authors have also projected the cost of hosting the Rohingyas in Cox’s Bazar throughout the repatriation process based on four scenarios. The assumptions of these four hypothetical scenarios are described in Table 3.

Table 3: Description of Hypothetical Scenarios and Their Underlying Assumptions

<table>
<thead>
<tr>
<th>Scenario 1</th>
<th>Assuming 300 Rohingyas are repatriated every day starting from January 2019, the cost for the whole period without incorporating population growth and inflation rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scenario 2</td>
<td>The first scenario is repeated while adjusting for population growth and inflation rates</td>
</tr>
<tr>
<td>Scenario 3</td>
<td>Assuming 100 Rohingyas are repatriated every day starting from January 2019, and the calculation of cost incorporates population growth and inflation rates</td>
</tr>
<tr>
<td>Scenario 4</td>
<td>Assuming that there is no repatriation, and the calculation of cost adjusts for population growth and inflation rates. Estimations calculate costs for 1-year, 5-year, 10-year and 12-year periods starting from FY19</td>
</tr>
</tbody>
</table>

Common Assumptions:
- Total Rohingyas: 918,936 (as of 21 June 2018)
- Old Rohingyas: 216,776
- Newly arrived Rohingyas: 702,160
- Working days: 25 days per month
- Inflation rate: 6% annual
- Population growth rate: 1.5% annual
- Cost is estimated based on the UNHCR calculations
- Only direct costs are estimated
- Repatriation and relocation costs not included

Source: Authors’ elaboration.

Note: a. It is assumed that repatriation will start from January 2019, since it should take some time to create a conducive environment in Rakhine for the return of Rohingyas from Bangladesh.
b. Old Rohingyas are the ones who came to Bangladesh before 25 August 2017.

Scenario 1

In this scenario, it will take 11 years to repatriate Rohingyas assuming repatriation starts from January 2019. According to the estimation of the authors, it will cost USD 6,348 million during the period from FY2018-19 to FY2028-29 to host all Rohingyas. Estimated annual costs are presented in Figure 4.

Scenario 2

In this scenario, rates for population growth and inflation have been adjusted in order to calculate the cost. It is estimated that it will take 12 years to repatriate the Rohingyas, starting from January 2019. During the period from FY2018-19 to FY2029-30, it will cost USD 9,197 million1 to host the Rohingyas in Bangladesh. Costs throughout the whole period are shown in Figure 5.

1 Adjusted for population growth and inflation rates.
Scenario 3

If the repatriation process is not executed smoothly, and the GoB is only able to send 100 Rohingyas per day, the cost is estimated to be USD 75,011 million.\(^2\) At this rate, it will take 42 years to repatriate all the Rohingyas currently staying in Bangladesh. The pattern of cost involvement is shown in Figure 6.

\(^2\)Adjusted for population growth and inflation rates.
Figure 6: Cost of Hosting Rohingyas if Only 100 People are Repatriated Daily: Scenario 3

Source: Authors’ calculations based on the UNHCR (2017).

Scenario 4

Assuming there is no repatriation and no further influx of Rohingyas as of 21 June 2018, the cost of hosting the Rohingyas in FY2018-19 will be USD 1,211 million. For the 5-year period through FY2018-19 to FY2022-23, the cost will be USD 7,046 million; for the 10-year period through FY2017-18 to FY2027-28, the cost will be USD 17,204 million; and for the 12-year period through FY2018-19 to FY2029-30, the cost will be USD 22,429 million. Figure 7 presents the cost of hosting the Rohingyas in

Figure 7: Cost of Hosting Rohingyas in 1-, 5-, 10- and 12-Year Periods if There is No Repatriation: Scenario 4

Source: Authors’ calculations based on the UNHCR (2017).

---

3Adjusted for population growth and inflation rates.
4Adjusted for population growth and inflation rates.
5Adjusted for population growth and inflation rates.
6Adjusted for population growth and inflation rates.
1-, 5-, 10- and 12-year periods if no repatriation takes place. A summary of the findings on repatriation time and cost of hosting the Rohingyas is presented in Table 4.

### 5.3 Shortcomings of the Cost Estimations

The estimated requirement by various organisations is only indicative, as those are the direct costs to be incurred for the Rohingyas. If the Rohingyas are to be relocated in the proposed Bhashan Char area, there will be cost for the development of land and infrastructure. Implicit costs for the loss of ecosystem due to deforestation, and morbidity and mortality due to health problems can be large. Many of these costs cannot be translated in monetary terms; these costs are also irreversible.

### 5.4 Recent Initiatives of the Government of Bangladesh to Provide Humanitarian Support

The GoB has been extending all possible support to the Rohingyas since the beginning of the crisis. Various ministries of the GoB are engaged in providing humanitarian support to the Rohingyas. Along with the MoDMR, a number of other ministries and divisions such as the Ministry of Health and Family Welfare, Ministry of Public Administration, Ministry of Home Affairs, Ministry of Education, Ministry of Planning, Ministry of Social Welfare, Ministry of Defence, Bangladesh Water and Power Development Board, Ministry of Environment, Forest and Climate Change, and Local Government Division are actively involved in the humanitarian support process right from the beginning. According to the Refugee Cell of the MoDMR, the GoB has received around Tk. 1,000 crore from private donations and contributions in aid of the Rohingyas. Of this, the government has directly spent around Tk. 200 crore to mitigate various challenges related to the Rohingya crisis (MoDMR, 2018).

The GoB is planning to provide vocational training for adult Rohingyas to enhance their skills and involve them in works around the camps. Training and work opportunities in camps as barbers, tailors and cleaners could help the unskilled workforce to earn a livelihood. The children are being provided education in English and Burmese (MoDMR, 2018).

There is a scarcity of land in Cox’s Bazar, and it will be difficult to ensure safety of the Rohingyas in case of natural calamities. Thus they continue to live under threats of landslides, floods and heavy storms. Around 230,000 Rohingyas (10,000 families) have been relocated from camps to safer areas around the camp in view of the approaching monsoon season. But only about 100,000 Rohingyas can be relocated within the camp areas (MoDMR, 2018).

### Table 4: Summary Findings on Repatriation Time and Cost of Hosting Rohingyas

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Assumptions</th>
<th>Required Years for Repatriation</th>
<th>Cost of Hosting Rohingyas (Million USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scenario 1</td>
<td>- 300 Rohingyas repatriated per day</td>
<td>11 (up to FY2029)</td>
<td>6,348</td>
</tr>
<tr>
<td></td>
<td>- Population growth and inflation rates not adjusted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scenario 2</td>
<td>- 300 Rohingyas repatriated per day</td>
<td>12 (up to FY2029)</td>
<td>9,197</td>
</tr>
<tr>
<td></td>
<td>- Population growth and inflation rates adjusted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scenario 3</td>
<td>- 100 Rohingyas repatriated per day</td>
<td>42 (up to FY2059)</td>
<td>75,011</td>
</tr>
<tr>
<td></td>
<td>- Population growth and inflation rates adjusted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scenario 4</td>
<td>- No repatriation</td>
<td>1 (up to FY2019)</td>
<td>1,211</td>
</tr>
<tr>
<td></td>
<td>- Population growth and inflation rates adjusted</td>
<td>5 (up to FY2023)</td>
<td>7,046</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10 (up to FY2028)</td>
<td>17,204</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12 (up to FY2030)</td>
<td>22,429</td>
</tr>
</tbody>
</table>

Source: Authors’ calculation based on the UNHCR (2017).
Considering the risk of natural disaster and security concerns, and taking cognisance of tourism interests in the area, the GoB has taken an initiative to transfer the camps from Cox’s Bazar to Bhashan Char in Noakhali district (ISCG, 2018a). Bangladesh Navy is implementing a project to construct shelters for Rohingyas in the island. About 40 per cent of the construction of 1,440 houses including 120 cyclone shelters has already been completed by the Bangladesh Navy as of 19 March 2018. The Executive Committee of the National Economic Council (ECNEC) of the GoB has approved an amount equivalent to USD 280 million for the construction (Dhaka Tribune, 2017). The relocation was supposed to begin before the rainy season depending on the progress of the construction works (MoDMR, 2018).

6. CONCLUSION AND RECOMMENDATIONS

This study has estimated the cost of hosting the Rohingyas under various scenarios. Indeed, the costs are huge. Apart from direct costs, there are social and environmental costs, some of which cannot be quantified, but are of no less importance. While the GoB, NGOs and international organisations are playing the critically important role to provide humanitarian support to the Rohingyas, major global players are yet to take a strong position in resolving the crisis. In view of the emergent challenges, a number of measures need to be undertaken. Some of these are presented below.

- Ensure a smooth repatriation process of the Rohingyas, as agreed between the Governments of Bangladesh and Myanmar.
- The GoB has to continue energetic diplomacy, particularly with the regional partners to solve the problem. Platforms such as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and Bangladesh-China-India-Myanmar (BCIM) Forum for Regional Cooperation which aim to deepening regional and sub-regional trade, investment and transport connectivity, should be used to arrive at a solution.
- Endeavours should be taken to take advantage of extra-regional platforms such as the Association of Southeast Asian Nations (ASEAN) to ensure that they play a proactive role in addressing the crisis.
- Given that the requirement for the Rohingyas is quite significant and the repatriation process is uncertain, the GoB has to formulate a comprehensive plan for resource mobilisation.
- An in-depth study to assess the short-, medium- and long-term implications of the Rohingya crisis, in terms of the necessary domestic and foreign resources, should be undertaken.
- All explicit and implicit costs related to the Rohingya crisis, such as economic, social and environmental costs should be estimated.
- Host communities should be provided adequate support, as they are also affected due to the influx of the Rohingyas.
- Resource mobilisation efforts by the donors should be continued.
- Security measures in the Rohingya camps and adjacent areas, particularly in the Southern parts of the country as a whole, have to be strengthened. The law enforcing agencies have to be vigilant to stop illegal activities, drug trade, trafficking and terrorism.
- Information on the flow of international fund for the Rohingyas and the use of these funds should be made readily available. Ministry-wise resource requirement plan for the ongoing and upcoming fiscal years will be helpful for resource management.
- Transparency in the budget allocation for the Rohingyas should be ensured. This will ensure allocative efficiency and resource-use efficacy in connection with various activities being implemented, such as the construction of Rohingya shelters at Bhashan Char, setting up of vocational training system for them, and provisioning of basic facilities to help sustain livelihoods till the repatriation of the Rohingyas.
REFERENCES


MoMDR. (April 2018). Refugee Cell. Dhaka: Ministry of Disaster Management and Relief (MoMDR), Government of Bangladesh (GoB).


Recent CPD Working Papers

Paper 119 Exploring the State of Youth in the SDG Context: How is Bangladesh Doing?

Paper 118 Growth of Employment in the Manufacturing Sector: Impact of Trade and Trade-related Policies*

Paper 117 Towards a Social Protection Strategy for Bangladesh*

Paper 116 Alternative Approaches to Full Employment in Bangladesh: Role of the Non-farm Sector*

Paper 115 Macroeconomic Policy, Price Stability and Inclusive Growth in Bangladesh*

Paper 114 Bangladesh’s Formal and Informal Agricultural Trade with SAARC Countries: Emerging Trends and Policy Challenges*

Paper 113 SAARC Food Bank (SFB): Institutional Architecture and Issues of Operationalisation

Paper 112 Advancing the Interests of Bangladesh’s Migrant Workers: Issues of Financial Inclusion and Social Protection

Paper 111 Bali Ministerial of the WTO and the Way Forward: Safeguarding LDC Interests

Paper 110 Trade and Transport Facilitation in Bangladesh: An Audit of the State of Play

Paper 109 Recent Developments in Myanmar and New Opportunities for Sub-Regional Cooperation: A Bangladesh Perspective

Paper 108 Recent Developments in Myanmar: Opportunities for Sub-Regional Energy Cooperation

Paper 107 Bilateral Free Trade Agreements (FTAs): Opportunities and Challenges for Bangladesh – Framework Issues

*Available on web only