

# Refugee Camp Economies

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on the Economics of Forced  
Migration

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# \$5 Billion Potential

- 4 million refugees and IDPs living in 300 camps
- Operating budget of UNHCR \$1 Billion
- Most camp residents living on international welfare
- Camps tend to be set up according to protection goals and political constraints
  - Market distortions

# Outline of Presentation

- Market distortions in Kyangwali Refugee Settlement
- Generalize refugee camp distortions
- A model of a refugee camp economy
- Smart interventions
- Research project on refugee camp valuation

# Kyangwali Refugee Settlement

- Western Uganda, 80 km from Hoima
- 7000 refugees in 2002
  - Congolese, Sudanese, others
- Refugees get a small plot of land, non-food items upon arrival, 2-4 seasons of food rations
  - One season's produce sales ~\$25
- Trading center plus small weekly markets
- Single implementing partner: AAH



Trading center



A weekly market



Production site

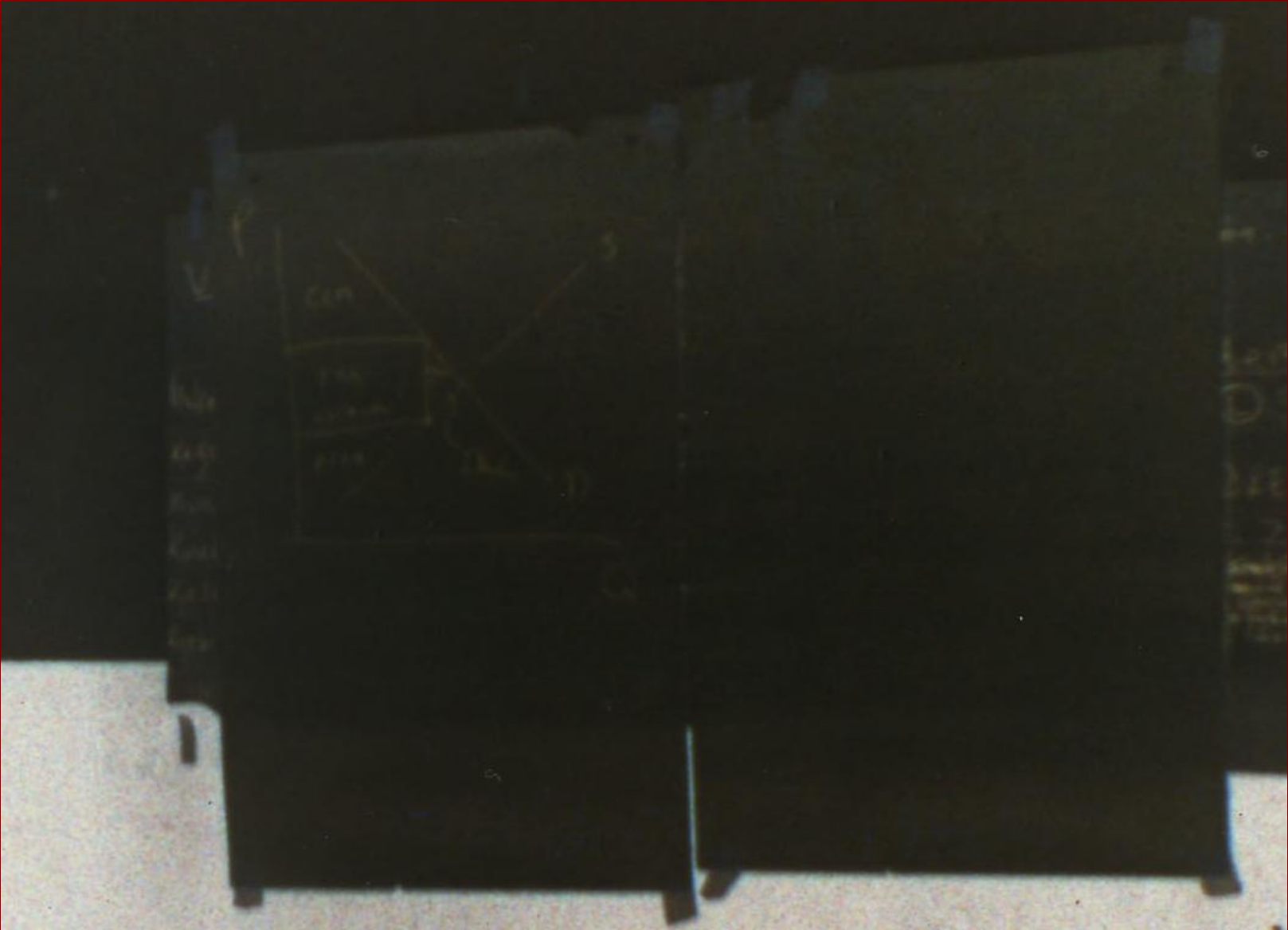
# Policy Distortions

- Restrictions on movement
  - Permit from settlement commander for outside travel
- Restrictions on work
  - Work permit required
  - No professional class
- Political Representation and Taxation
  - Limited political freedoms
  - Inefficient taxation





Discussing the findings with camp authorities



Deadweight loss

# Isolation Distortions

- Transportation costs
  - Round-trip to Hoima ~\$4
- Information costs
  - Prices, demand, opportunities in Ugandan market
- Market size

These costs combine with the market size to produce inferior terms of trade for the refugees, who buy from monopolists and sell to monopsonists.

“Few traders come in from Hoima. They hike the price—they are not fair in pricing their stuff. They always like to take a lot of produce and when we compare the exchange with them it’s unfair. They are doing it to us because we don’t have means of looking for other markets.”

--45-year old Congolese shop owner

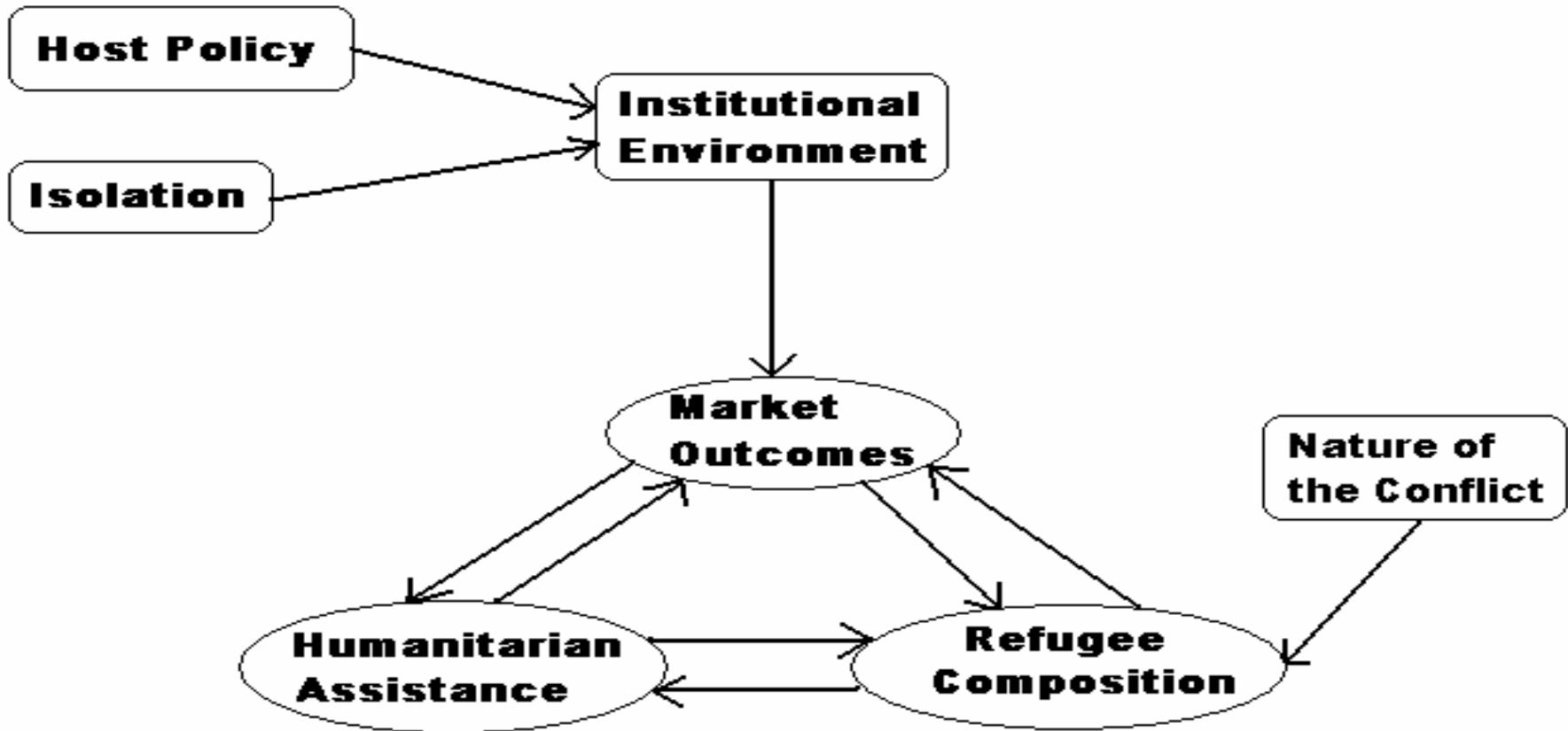
# Other Distortions

- Identity of the refugees
  - Insecurity
  - Linguistic barriers
- The public sector
  - Large role of “government”
  - Handouts in food and materials

# Generalized Refugee Camp Distortions

- Host Country Policies
  - Restrictions and breaks
- Isolation
  - Physical, informational, primary materials
- Humanitarian Assistance
  - Lump-sum versus conditional
- Camp Demographics
  - Characteristics of forced migrants
  - Camp versus self-settled

# Modeling the Refugee Camp Economy



# Smart Interventions

- Institutional environment in the hosting country
- Humanitarian assistance programs
  - Vouchers
  - Bundling



# New Research Project: Valuing the Refugee Regime

- Millions of refugees have voted with their feet
- Estimate value of refugee camps based on refugees' revealed preferences (*travel cost method*):
  - It is more difficult and expensive to go to refugee compared to IDP camps.
  - The difference in cost equals the willingness to pay (WTP).
  - The sum of these WTP estimates equals the relative value of refugee camps.
  - If we were able to obtain the same data for IDP camps, we would be able to estimate the absolute value of refugee camps.
- Potentially quantify with data from Sudanese refugees in Uganda