

*Review*

## **Economic impact of south Sudanese refugees on the host communities of Itangworeda: A case study of Kule Refugee camp of Gambella region**

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A multi-method qualitative approach was adopted in order to collect adequate data informants from refugees, host communities and officials from the camp and field observation, which increase reliability. These were done to substantiate their views, opinions and comments on the economic boom of the south Sudanese refugees on the host communities Gambella region. On the other hand, secondary sources were used in order to address the basic objectives of the research. To this end, the study used snowball sampling technique for collecting data from the study area. The findings of this study indicate that the presence of refugees in the region has both negative and positive impacts. As the findings show, the presence of South Sudanese refugees are having economic impacts have been positive such as new job opportunity, small business activity and availability of market for local farmers around the refugee camp. Finally, the study comes up with the conclusion that the positive impacts of refugees are found to be greater than its negative impacts.

**Keywords:** Kule Refugee camp, Terfam, Sambussa,

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### **INTRODUCTION**

One of the impacts that refugees have on the host country is economic impact. The extent, to which refugees supply the economy is relative to how much they take from it, is one of the most contested issues surrounding asylum policy. The economic impacts that refugees have on the host communities have both positive and negative.

Most of the time refugees not only migrate to places of safety and security, but also to countries of relative stability, wealth and an appreciable level of economic development. From a socio-economic perspective several governments and citizens alike are concerned that refugees and other migrants-skilled or unskilled, may

take jobs and other benefits from the local population, thereby increasing the extent of state sponsored and supported welfare activities and services (Omeokachie, 2013:27). According to (Alix-Garcia and Saah, 2009:166-167; Chambers, 1986:245-48) discussed in the World Bank economic review the economic impacts of refugee camps on host communities has both positive and negative impacts. New market opportunities for host communities to sell local products may have a positive impact for some, while at the same time competition over already scarce resources may bring challenges for others.

Whitaker also added that experiences from refugee

camps in Tanzania between 1993-1996 shows that hosts with farming opportunities experienced positive economic impacts through increased food demand from refugees while non-farming hosts suffered from increasing food prices (Whitaker, 2002:339-45). Abey examined the refugees in the Middle East situation and observed the arrival of Iraqi refugees in Jordan, Lebanon and Syria caused significant increases in food and fuel prices and placed new pressures on the housing market and public services (Abey, 2013:6). Kobia and Cranfield (2009:6) shared this view the refugees became a threat to the host state by imposing a burden on the welfare of the host economic life of interaction. This is evidenced by the intrinsic problems of employment: If refugees are not employed, they are burden to the state, while if they are employed; they are taking jobs from the local community, which is equally unacceptable to host governments.

In contrary to this idea (Washoma, 2003:6; Whitaker, 2002:350; OECD, 2001:151) argued that the influx of refugees and relief resources into any country significantly altered economic opportunities for host communities. They observed that, some refugees in Tanzania use their purchasing power to buy local goods increasing the local market and this automatically led to un-expected upsurge in business, especially trade and real estate, owing to increased demand and disposable income conducted by both local hosts and refugees. Abey (2013:7) added that refugees in Uganda, entrepreneurs from around the country also flocked to the area where the refugees were settled. Commercial centers developed in the refugee camps with daily markets and countless shops and restaurants. In the Ugandan case, refugees were perceived as better at doing business than their local hosts. While in Uganda refugee successfully impacted on the local communities through better entrepreneurial skills.

Werker (2007:463) observed that refugee's at kyangwali refugee camp economy in Uganda has more choice on their settlement relative to many other countries in Africa. He stated that refugees in Uganda can be found both in camps as well as self-settled was one of the least problematic from an economic perspective, possessing ample land and a suitable climate for agriculture. This implies that whatever distortions affect the economy in Kyangwali should be augmented in more typical refugee camps. He also argued that the economy in the settlement is fairly complex. Incomes are produced through a different means. Most of the refugees are engaged either in agricultural production or in receiving food rations from charity. Some refugees have businesses in the settlement, ranging from small stalls at the weekly market to shops or tea houses in the main trading centre.

According to Sesay, the development process depends on a complex socio-economic variables population,

resources, infrastructure, capital formation, trade, political stability, skill level, work ethic and etc. It is expected that the impacts of refugees on a country's economy will partly be determined by its stage and rate of economic development (Sesay 2004:58-59). However, Blavo's (1999) argued as cited in Sesay, refugees produce negative effects on the economy since African countries which host refugees are among the poorest and least developed countries in the world, they have fragile agricultural economies and insufficiently developed resources and infrastructure. It is, therefore, interesting to note that almost all of Africa is involved each country either producing or receiving refugees insignificantly.

Sesay (2004:61; OECD, 2001:151) writes the refugee problem in Africa has engendered significant economic and social misery and interruption, resulted untold human suffering. It is also one of the most complex and agonizing of Africa's problem. Major refugee influxes have severely disrupted the normal development activities of Sudan, Tanzania and Somalia. The presence of large number of refugees leads to over exploitation of the common property resources such as water, pasture wood and charcoal. According to Rogge (1987) view as cited in Sesay (2004:62) the main constraints on refugee related development are the numbers of refugees, limited land and resources. As a result, increasing competition and conflict between communities over limited resources such as land and water can aggravate the potential for crises (Deikun and Zetter, 2010:6). Generally speaking, business men and capital owners have the potential to profit from the refugees' consumption of goods and services in the local economy, which increases demand and drives up profits. In contrast, poorer hosts can lose from the competition for food, work, wages, services, and common property resources as a result of the refugees' presence.

### **Economic Impacts of Refugees on the Host Communities**

According to UNHCR (1997:2), the refugees compete with the local citizens over the scarce resources such as land, water, housing, food and medical services. These significantly change the flow of goods and services within the society as a whole and their presence impacted the host country's balance of payment and price of different services, which may cause inflationary pressures on prices and depress wages. The local host communities responded the case as follows during the interview:

The presence of international aid agencies in Itang drive up the price of house rent, increasing price of restaurants, demand for food and other commodities rise in the market which stimulated the local economic activity and the price of some products beyond capacity of the

local people.<sup>1</sup>

The refugee has contributed for the increased number of aid agencies operating in the camp which in turn leads to the increment of the price of local commodities. At the same time the demand for goods and services which desired by the refugees is increased. Contrary to the burden placed on the local poor host community with regards to price increase of food items, crop food farmers on the other hand are benefited positively from the increment of food items price. However this price situation has a negative impact on the majority of poor local hosts.

To sum up the presence of refugees affected the availability of goods and services on the market. According to the community service officials of Administration for Refugee and Returnee Affairs (ARRA) has mentioned the case as:

Even though the refugees are receiving rations from the international relief agencies, they continued to depend on local crops and livestock. In order to diversify their diets, refugees sought other types of food, including meats, vegetables and grains. This pushed up prices of commodities, encouraged farmers to sell even more of their crops, and thus created famine within the local communities. Both food and non-food aids are traded in the local markets of *Terfam* town and expanding consumer markets for local goods and justifying increased foreign aid.<sup>2</sup>

The refugee settlements in Gambella are endowed with vast areas of fertile land. The study area is mainly an agricultural based area and the land is mainly used for farming and grazing activities. However, other people also acquired land for other purposes such as construction of houses and market places for sale of different items. The refugees used vast areas of land. As one of my respondents from the host community explained, the local host people lost some of their ownership of land because of:

The government took our land for the home of refugee camp. The host community left without any compensation and do not have access to sufficient relief programs. As most of the local people claim that the presences of refugees are irrelevant to the local people without refugees relocated from our land. The presence of different international and national organizations gives high emphasis for refugee and would not seem to reflect the consideration of the host community rather than the local people malnourished.<sup>3</sup>

<sup>1</sup>Interview with local host woman, at Terfam town, 07 March 2017, at 2:40pm.

<sup>2</sup>Interview with community service official of ARRA, 01 March 2017, at 3:15pm.

<sup>3</sup>Interview with local host individual at Terfam town, 05 March 2017, at 10:20am.

In the area of the study, loss of land has a negative impact on the host community due to the presence of South Sudanese refugees. Most of the local people claimed that many people lost their villages and grazing lands that were used for their cattle, because of the influx of refugees and as a result the local people relocated from their home to other areas for the purpose of refugee camp settings.

According to United Nations Higher Commissioner for Refugees (UNHCR) (1997:3), the economic impact of refugees on the host community is not necessarily negative. Different national and international organizations like ARRA, UNHCR closely cooperates with sister agencies such as International Organization for Migration (IOM), United Nations for the Coordination of Humanitarian Affairs (OCHA), World Food Program (WFP), United Nations Children's Emergency Fund (UNICEF), Norwegian Refugee Council (NRC), Regional Health Bureau, Plan International, Help Age International, International Rescue Committee (IRC), Medecins San's Frontieres (MSF), Save the Children, Democratic Republic of Congo (DRC) and Ethiopian Red Cross Society (ERCS) to improve the living standards of refugees in Gambella region and in this case, the South Sudanese refugees living in Kule refugee camp as well as the surrounding community are also beneficiaries from the aid.

UNHCR(1997) provides a wide range of community based support through its implementing partners in the areas of health, nutrition, water, sanitation and hygiene (WASH), protection and community services, shelter, education, core relief items, logistics and site planning, environment and food. The presence of refugees brings economic stimulus for the host community. This stimulus takes place among other things, local purchase of food, non-food items, shelter materials supplied by relief agencies, payments made by aid workers, the assets brought by refugees themselves as well as employment and income added to local population directly or indirectly through assistance project for refugees. According to Tilahun:

The refugee camp has its own contribution for the development of the communities by providing different services to the people such as involving in small business which is conducted by both refugees and host communities, any social services provided by UNHCR and sister organizations provide extra services, 25% for the host community and 75% for refugees respectively. But, when we look at the case practically there is no limitation on the host community especially in the areas of health service.<sup>4</sup>

Based on the field observation and interviews made, some of the South Sudanese refugees were participating

<sup>4</sup>Interview with Tilahun Tariku community service officer of ARRA, 01 March 2017, at 3:15pm.

in small business activities. As a result they created a market for pursuing their livelihood by selling of firewood's and other items. These created businesses and income generating opportunities for themselves in particular and for the host communities in general. According to the local people and traders, it is estimated that hundreds of small businesses were created including retail shops, bakeries/*Sambussa* and tea rooms and others have been established since the beginning of the refugees' arrival.<sup>5</sup> According to UNHCR (2015:3) report, the Norwegian Refugee Council (NRC) distributed cash to 400 beneficiaries in Kule refugee camp to improve their livelihood and business, each of ten groups of 20 people received 400,000 Birr (US\$ 200). NRC also distributed woods and nails to 150 beneficiaries to construct their business area and the distributions are ongoing.<sup>6</sup>

On the basis of field observation, the influx of huge number of South Sudanese refugees concentrated on small areas of land has the effect of stimulating local demand for consumable and non-consumable resources. Within and around the refugee camp small businesses are flourished. These include restaurant, groceries, shops and tea rooms. Also there are increasing of second hand clothing and services such as Bajaj and shoe repair services are also some of the expanding small businesses in the area.

The small marginalized region of Ethiopia (Gambella region) is hosting thousands of South Sudanese refugees has earned an international reputation as generous and hospitable host people. According to the data gained from one of my informants the presence of international agencies put the name of *Itang* in the air corridor of international arena. In day to day, different researchers, visitors and NGOs from different parts of the world come to *Itang* for different purposes.<sup>7</sup>

According to UNHCR (1997:4) the presence of refugees attract the development agencies to the host areas. While infrastructure is developed in the initial stage primarily to facilitate the work of host governments, UNHCR and its implementing partners in the refugee affected areas, believe that it can also serve as a catalyst to 'open up' the host region to development efforts that would otherwise never reach these 'marginal' areas. As of the field observation the UNHCR and different Non Governmental Organizations provided support for the host community of *Itangworeda* by constructing different social services such as school, health center, constructing road from refugee camp to *Itang* town and within the refugee camp. As one of the reporters of Gambella radio informants addressed the

issue:

The UNHCR constructed road from refugee camp to *Itang* town and within the refugee camp, school from grade 1-8 and boarding school for kids. ARRA coordinated with different local officials constructed different social services for the community in order to create smooth relationship between refugees and the host communities.<sup>8</sup>

According to Plan international of Ethiopia refugees has positively impacted the host communities by facilitated the establishment of permanent nurseries, primary schools in the refugee settlements. There is therefore evidence that there are many refugee students in primary cycles of education in Gambella region in general and Kule refugee camp in particular. Some of the teachers who teach in these schools are refugees themselves. UNHCR and Plan International Ethiopia assisted for the establishment of these schools in the camp and hence provide logistics.<sup>9</sup> According to Mayud, sometimes International refugee agencies deliberately make relief assistance available to local people so as to increase the receptiveness of the host community to refugees. This is intended so as to reduce tension between refugee and local communities.<sup>10</sup>

According to Kurimoto (2005:9) the aid food includes maize, beans, rice, wheat flour, biscuits, cooking oil, sugar and several types of tinned foods which became available at local market at very cheap prices. The refugees sell the surplus of the aid food items in exchange for cloth, vegetable and different services. Trading in and around the refugee camp attracted many small business owners in to the area. Gambella and other small towns like Abobo, Itang and Pugnido expanded and became trade centers. In these towns there were small kiosks, butcheries, tea and coffee shops, bars and restaurants and hotels of mud walls. The same issue was raised and discussed with the local communities. Farmers who have been producing sorghum, maize, vegetables and others found it difficult to find market for their products. However, now the refugee presence in the area has created market opportunities and new jobs for the host communities.

Even though most of the people at the local *Terfam* market are highlanders<sup>11</sup>, the few local people are taking the opportunities for making a living by the camp market

<sup>5</sup>Interview with local people, 13 March 2017, at 4:00pm

<sup>6</sup> UNHCR Ethiopia: South Sudan Situation Operational Update, 20-26 June 2015. The UN Refugee Agency.

<sup>7</sup>Interview with local teacher, 03 March 2017, at 9:15am.

<sup>8</sup>Interview with local reporter, 04 March 2017, at 11:20am.

<sup>9</sup>Tuach Samuel, Plan International Ethiopia South Sudan Response Kule 2

<sup>10</sup>Interview with MayudSaimen, 12 March 2017, at 11:00am.

<sup>11</sup> The term highlander applied in the area collectively for different people who came from different parts of Ethiopian highland for different purpose.

and elsewhere around the camp. For the purpose of market interaction both refugees and host communities are highly interdependent to each other.<sup>12</sup>

Kurimoto (2005:9) noted that the refugees sell some of their aid food to the market. They choose sorghum and maize than wheat which they get from international aid agencies. So they barter their wheat with the local's sorghum and maize. They also sell cattle and buy poultry. The refugees also buy different necessities from market like cloth, vegetables, fruits, etc. According to the resident informants many highlanders from different parts coming to the area after the establishment of the camp and settle around the camp especially in *Terfam* town in search of market. The same issues were explained by the local merchant in *Terfam* town:

The Anuak ethnic group produces different products to the local market such as mango and tomato while the Nuer ethnic group produces and sells items like cattle, milk and maize. Similarly the refugees sell blankets, cooking oils, salt, sugar, UNHCR tents, wheat flour and soaps which are obtained from the international aid agencies. In the refugee camp some women are weaving mats and baskets that they sell on the local market. Small trading is very common in Kule camp. The income that they generate helps the refugee community to improve their food consumption and diversification of their nutrition system.<sup>13</sup>

On basis of field observation and information gathered from the local host community, some host local communities and the highlanders took advantages from the presence of refugees to commercialize their different goods and services with refugees. Local people benefited from their products such as mango, tomato, milk, maize and other products which were highly in need and they made money out of it. Farmers are now earning extra income from their commercial products in the research sites due to the presence of refugees.



**Figure 3.** The pictures shows market interactions between the refugee and local community at the local town of Terfam. A photo captured by the researcher during field work, 06 March 2017.

In addition to the above mentioned positive impacts, the presence of South Sudanese refugees created many temporary job opportunities for local communities like temporary employment opportunity to assist and reach refugees. Local people hired as medical assistant, camp administration, relief administrators, watchmen, project supervisors, extension staff, car drivers, teachers and construction workers in different areas like roads and small houses constructions.<sup>14</sup> Generally, the refugees made impact on the economy positively while brought some negative impacts on the lives of the host community.

## CONCLUSION

The study was carried out with broadly assessing the economic, impacts of massive presence of South Sudanese refugees on the host communities of *Itang Special Woredaby* focusing on a case of Kule Refugee Camp in Gambella region. One of the peripheral regions of Ethiopia, Gambella, has been predominantly characterized by presence of large number of refugees from South Sudan. As a result of these unstoppable exoduses of the refugees from South Sudan for whatever reason resulted in economic advantage and disadvantages. The study area of the host communities in Gambella region of Ethiopia has been characterized by scarce economic resources like grazing and clean water supply and several related issues as well discussed in this paper.

Economically, the presences of refugees have both positive and negative impacts on the host communities of *Itang*. The research finding revealed a number of positive outcomes of the presence of refugees. Some of the positive economic impacts for the host communities included creation of new employment opportunities to the host communities, diversification of production and commercialization of local goods, and services sector and infrastructural development by the aid agencies involved in hosting refugees from South Sudan. On the other hand, the research findings also helped to conclude that the presence of refugees is having negative economic consequences too on the host communities. Some of these negative economic consequences include diminishing land holdings, environmental degradation and escalation of the prices of local products. The overall conclusion of this paper is the presence of refugees in kule refugee camp is having more positive economic implications than negative impacts.

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<sup>12</sup>Interview with local elders, at Itang, 08 March 2017, at 3:15pm.

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