What is the evidence saying on impact of refugees on host economies?

Masud Rahman

Statistics and Data Analysis Officer, UNHCR Regional Bureau for Eastern and Southern Africa

Turn cash into growth.

Each US$1 in refugee cash assistance generated US$1.51-1.95 in local real income; in-kind yielded US$1.19.

Hosts captured US$0.59-0.95 of each extra US$1 via spillovers, underscoring shared gains.

Action: prioritize cash where markets function and wire it through local merchants/mobile money to maximize multipliers.

Table 1. Multiplier effects of a $1 increase in aid (cash or in-kind)

	A	B	C
Aid multipliers (in $ per $ of aid)	Gihembe (cash)	Nyabiheke (cash)	Kigeme (in-kind)
Real income (inflation-adjusted)	1.51	1.95	1.19
Refugees	0.91	1.01	0.91
Locals	0.59	0.95	0.28
Production effects			
Crop	0.70	1.07	0.34
Livestock	0.03	0.03	0.02
Retail	0.63	0.68	0.42
Other	0.44	0.58	0.36
Trade with rest of Rwanda	0.43	0.40	0.29

The 95% confidence bounds around total real-income multipliers are Gihembe (1.22, 1.87), Nyabiheke (1.52, 2.45), and Kigeme (1.10, 1.30). Results were obtained by simulating a $1 increase in WFP transfers. In the in-kind camp, the transfer is the market value of food aid, and the partial reselling of food aid (at prices discounted 20%) was simulated as an increased local supply of agricultural goods.

Source: Taylor et al, 2016. *Economic Impact of Refugees*.

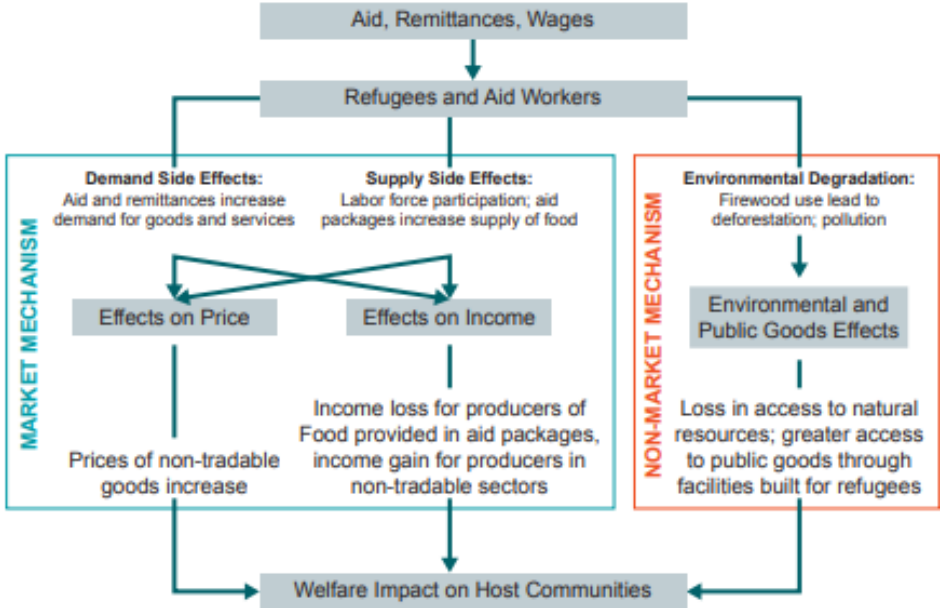
Unlocking work rights pays off.

Granting work and movement rights increased Turkana GRP by >3%, per capita income by 0.5%, and total employment by ~3%.

Refugee presence lifted trade, business density, and services with manageable price effects.

Action: pair right-to-work with account opening and merchant onboarding to connect demand to local supply.

Figure 6: Total impact is the sum of market and non-market impacts



Source: World Bank, 2016. *"Yes" In My Backyard? The Economics of Refugees and Their Social Dynamics in Kakuma, Kenya.*

Invest in land access.

Allocating cultivable land increased refugee household income by 49% and raised “any income” by 9 percentage points.

Positive spillovers extended up to 15 km, with host agriculture as the largest beneficiary.

Action: blend productive asset access with inputs/extension and smallholder finance to shift from consumption to production.

TABLE 4. Estimated impacts of land access on refugee outcomes

	Income and activities				Welfare		
Panel (a): OLS with quasirandom land treatment	Log of household income	% earned income	Log income from agriculture	Business dummy	Dwelling index	Food security index	Log of per capita consumption
Land	0.45*** (5.50)	0.11*** (4.22)	8.08*** (15.07)	−0.01 (−0.27)	0.20*** (3.98)	0.06 (0.82)	0.04 (0.75)
N	333	320	333	333	333	333	333
R-squared	0.33	0.26	0.50	0.13	0.23	0.16	0.13

Source: Zhu et al, 2024. *Economic impact of giving land to refugees*.

Expect small, manageable pressures.

Review of evidence shows wage/price effects are typically small, localized, and policy-manageable in LMICs.

Aggregate impacts skew positive when inclusion connects refugees to markets and work.

Action: target host MSME finance and safety nets in high-arrival zones to lock in net gains.

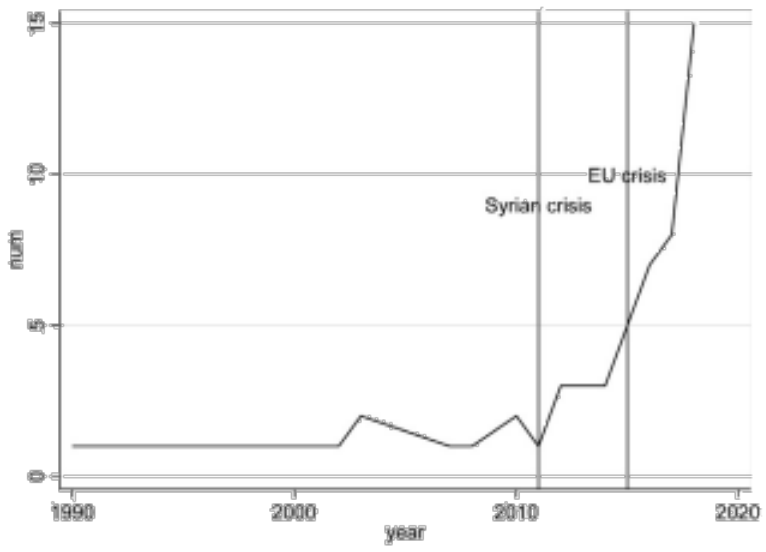


Fig. 1. Number of published papers by year.

Source: Verme and Schuettler, 2021. *The impact of forced displacement on host communities: A review of the empirical literature in economics*.

Maximize host gains, protect vulnerable.

With adequate international financing, refugee inflows act as a local demand stimulus; aggregate effects on residents are neutral to positive.

Effects are uneven and localized as relative prices shift (food and housing often rise while some non-food prices fall), benefiting farmers and skilled workers.

Action: Pair legal work and business registration with cash-based support and host service upgrades.

Schneiderheinze, Claas; Lücke, Matthias

Research Report

Socio-economic impacts of refugees on host communities in developing countries

PEGNet Policy Studies, No. 03/2020

Provided in Cooperation with:

Kiel Institute for the World Economy – Leibniz Center for Research on Global Economic Challenges

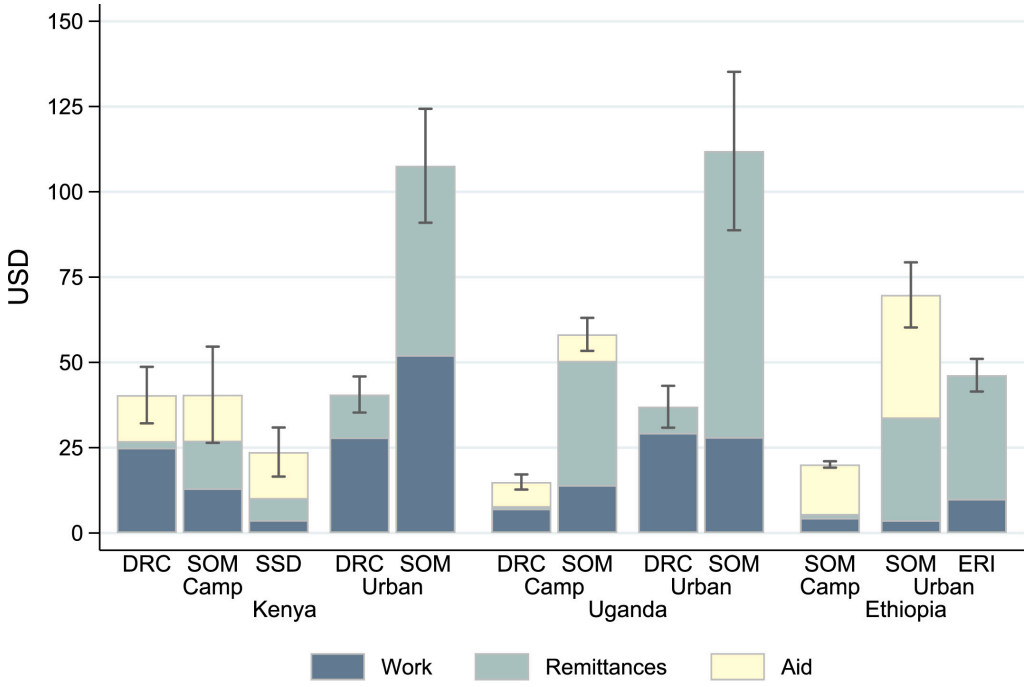
Source: Schneiderheinze & Lücke, 2020. *Socio-economic impacts of refugees on host communities in developing countries.*

Back refugee enterprises.

Where regulatory barriers are lower, refugee businesses scale and create job linkages with hosts.

Enterprise dynamism rises with documentation, registration, and supply-chain access.

Action: streamline IDs, licensing, and credit scoring to formalize firms and crowd in local value chains.



Per capita monthly income of households disaggregated by source.

Source: Betts et al, 2024. *The economic lives of refugees.*

Finance reforms that enable inclusion.

The World Bank's WHR has mobilized >US$4.6b since 2017, linking concessional finance to concrete inclusion reforms.

Ethiopia's EOP expanded access to formal employment; Liberia advanced status regularization.

Action: align financial inclusion programs with policy reform compacts to unlock scalable, country-owned change.

Changing the game: the World Bank's contribution to forced displacement response

FMR 74 – Financing displacement response

Martha Guerrero Ble and Bahati Kanyamanza October 2024

Source: Ble & Kanyamanza, 2024. *Changing the game: the World Bank's contribution to forced displacement response.*

Summary

Inclusion drives growth.

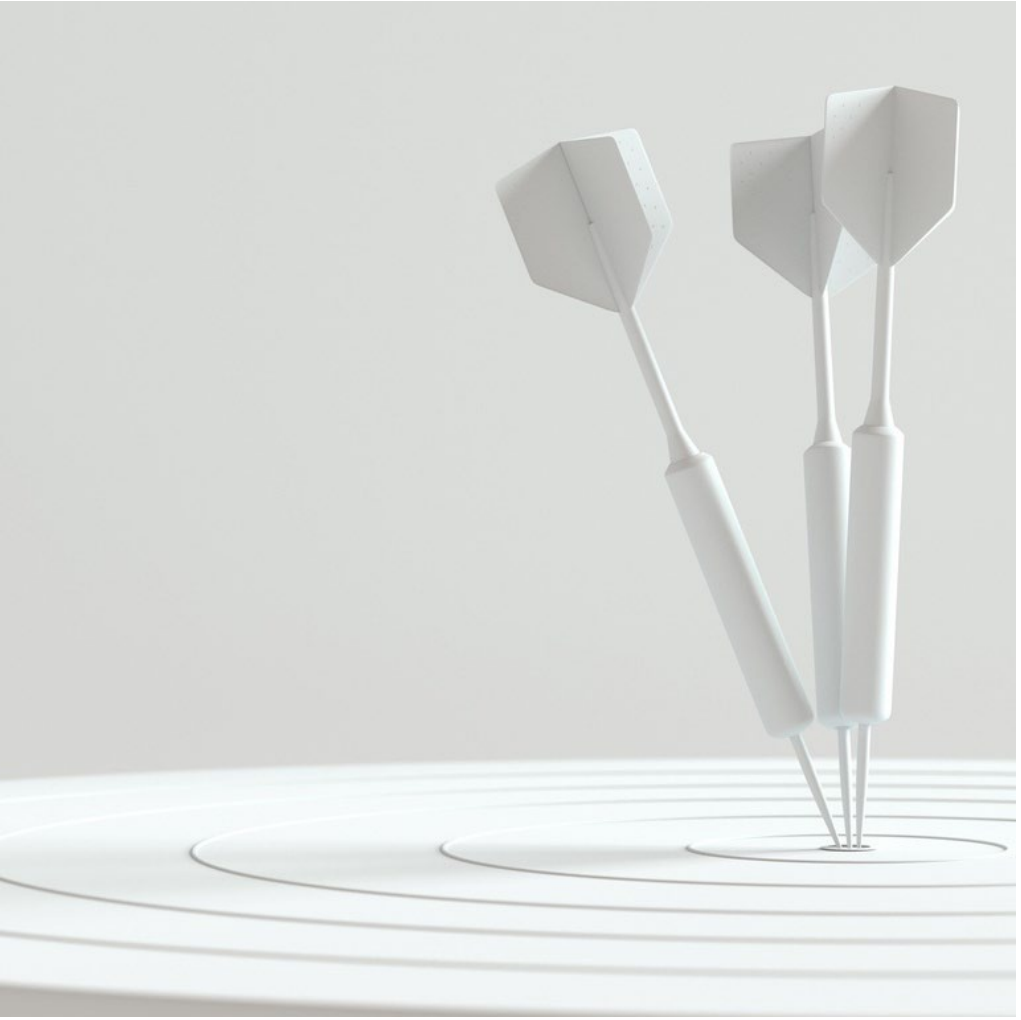
Mobility and right-to-work, recognized IDs, and access to accounts connect refugee demand and labor to local markets, raising firm activity, jobs, and incomes with modest, manageable price and wage effects.

Shift from consumption to production.

Pairing assistance with land, inputs, serviced plots, and formal business pathways turns short-term stimulus into productivity gains and wider spillovers, strengthening fiscal returns over time.

Lock in shared gains.

Mitigate localized pressures via host MSME support, services, and reform-linked concessional finance, and complement with regional mobility to deepen markets and sustain political viability.



Thank you

Masud Rahman

rahmmoha@unhcr.org