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# Assessing economic impacts of hosting refugees

## Conceptual, methodological and ethical gaps

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# Contents

# 1 Introduction

This paper explores a variety of approaches used to assess and measure the economic impact of refugees on their host communities and states. It identifies theoretical, methodological, and ethical gaps in the existing literature, and also problematizes some of the assumptions and rationales behind current debates about measuring refugees' economic impact on host populations and states.

As recent media reports on the massive influxes of refugees from Syria into neighbouring states clearly demonstrate, the issue of 'refugee impacts' on host nations remains both relevant and controversial. However, in the field of forced migration, the economic impacts of hosting refugees on receiving populations or states has been a key policy topic for decades. In the early 1980s, the first and second International Conference on Assistance to Refugees in Africa sought to draw attention to the 'burdens' suffered by refugee-hosting states and their populations as a major issue in humanitarian assistance (Betts 2004). Over the following decades, concern about the social and economic impacts of hosting refugees has remained salient. From the late 1990s through the early 2000s, a sequence of UNHCR Executive Committee (ExCom) standing committees published a series of reports on the economic and social impacts that host countries face in accommodating massive refugee populations. In 2011, the World Bank produced a two-volume literature review and methodological framework called *Assessing the Impacts & Costs of Forced Displacement* that focuses on the ways that both displaced and hosting populations, as well as the state, are affected by displacement. The topic has also been engaged with by a number of researchers (for instance, Alix-Garcia & Saah 2009; Baez 2011; Jacobsen 2002; Kirui & Mwaruvie 2012; Landau 2003; Ruiz & Vargas-Silva 2013; Whitaker 2002; Zetter et al. 2012a).

The paper is structured as follows. First, it will present the key arguments and approaches within the existing literature on analysing the economic impact of refugees on their host communities and states. Second, it will seek to elucidate some significant conceptual, methodological and ethical gaps in the field, drawing primarily upon cost-benefit analyses in the migration literature in order to identify several cautionary implications. Finally, as a way forward, the paper will highlight some alternative approaches to understanding and assessing the impact of hosting refugees.

# 2 Existing studies on impacts of hosting refugees

Questions of refugee 'impact' on host populations and states are often framed as one of 'burden' versus 'benefit' (Allen 2009; Kuhlman 1990), leading to methodologies or analyses that seek to conduct a sort of cost-benefit analysis for refugee hosting. As Zetter et al. (2012a: 50) have noted, among many policymakers, "it is usually contended that the 'costs' of refugees on their hosts outweigh other micro- and macro-economic benefits."

It is well-documented that most refugee communities actively seek to engage in income-generating activities and trade with local hosts within the structures of existing economic and regulatory policy frameworks (Betts et al. 2014; De Montclos and Kagwanja 2000; Grabska 2006; Jacobsen 2005; Omata and Kaplan 2013; Werker 2007). However, the impacts of these activities on host economies at the local, regional and national levels remain a point of debate in the literature. Scholars and practitioners have sought to challenge the assumption that governments and communities are inevitably burdened by the refugees they are hosting (Brees 2008; Campbell 2005; Kuhlman 1990; Whitaker 2002). This is predicated on the knowledge that, as Jacobsen writes,

'while refugees impose a variety of security, economic and environmental burdens on host countries, they also embody a significant flow of resources in the form of international humanitarian assistance, economic assets and human capital' (Jacobsen 2002: 577). Meanwhile, other scholars have challenged assumptions that refugees or humanitarian aid have significant or transformative impacts on host communities or states (Landau 2003, 2004, 2008).

Even in the case of massive refugee influxes, it remains difficult to definitively determine 'impact', or even to identify appropriate indicators for measuring it. The degree to which it is possible to directly attribute economic fluctuations or events to the presence of refugees is ambiguous, and there remains an absence of a holistic framework to capture an aggregate account of refugees' economic activities. This is in large part due to the extremely contextualised nature of impact assessments. In local contexts, these impacts can vary drastically across socio-economic class, gender, age, and geographic location based on the baseline conditions of both the host and refugee communities, as well as the effects of government or international interventions. At a regional or national level, these micro-complexities play out on an impossibly larger scale.

In an assessment of self-settled refugees in Kassala region of Sudan, Kok (1989:439) wrote that 'there is no one specific impact of self-settled refugees: any analysis must differentiate in time, between specific settlement areas, and between groups according to their position in society.' Trends such as protracted refugee situations and increasing urban refugee settlement, particularly in the context of the Syrian crisis, further complicate attempts to isolate and analyse specific economic consequences of refugees' for hosts. Attempts to measure economic impacts are made even more difficult by a severe and persistent lack of available data that is sufficient in either quantity or quality. For instance, despite the acknowledged importance of the length of stay of the refugee population for economic impacts and trends, there have been few long-term, longitudinal studies on the economic impacts related to hosting refugees (Landau 2004; Ruiz and Vargas-Silva 2013).

In light of this background and these difficulties, this literature review explores a variety of approaches used to assess and measure the economic impact of refugees on their host communities and states. It seeks to identify existing theoretical and methodological gaps in the field, as well as to problematize some of the assumptions and rationales behind the current debates and approaches to measuring refugees' 'impact' on host populations and states.

This section distinguishes between two levels at which economic impact on refugee-hosting states is researched and discussed: first, the micro-/meso-economic impact on host communities and populations, and second, the macro-level impacts for the host state or government. This distinction draws from recent studies, including *Guidelines for Assessing the Impacts and Costs of Forced Displacement* (World Bank 2012), which have differentiated between the host 'population' and the host 'state' as a way of establishing two separate scales of categories. Conceptually this is a useful separation as it provides space to consider different units of analysis and separates evaluations of local, micro-level impacts on households and communities from discussions around nationally-focused, macro-level data.

## Micro-/Meso-economic impact on host populations and communities

Existing literature suggests that the economic impact of refugees is perceived differently by (or does not uniformly affect) members of host populations and communities – often lending to the perception of 'winners' and 'losers' among these communities. From early literature (Chambers 1986) to recent reports (Zetter et al. 2014), it has been suggested that the poorest or most

vulnerable within a given community are at the highest risk of being negatively impacted by the presence of refugees. Meanwhile, private landowners or business owners may be able to benefit from cheap refugee labour, and also have the capital to make opportunistic investments to benefit from increased demand among the population.

Although it is important to recognize that refugees' economic impacts may be distributed unequally among host populations, a strict division between 'winners' and 'losers' is usually too simplistic. Given the variability and multitude of possible economic impacts related to refugee-hosting, most local stakeholders will likely experience a combination of both positive and negative impacts of varying magnitudes. Also, impacts can vary over time and over populations, as well as within communities based on factors such as socio-economic status, class, age, and gender (Whitaker 2002). In addition, geographical location and proximity to refugee populations has been found to be an important factor mediating the impact on host populations (Callamard 1994).

Drawing from existing research, the rest of this first section explores the different analytic categories and indicators used within the literature to measure and understand economic impacts for host communities. Rather than providing an exhaustive overview, the section aims to summarise the most common discussions around economic impacts for hosts, while also revealing the complexity and variability within and across different examples.

**Impacts on labour markets**

Indicators that measure the impacts of refugees on local and regional labour markets and wages are a common means of assessing refugee's economic impacts on host populations. The outcomes of hosting refugees on labour markets, however, are mixed and highly contextual.

In rural contexts, for instance, there is often a specific focus on measuring the wages for agricultural workers. Many reports and case studies (Whitaker 2002; Maystadt and Verwimp 2009; Alix-Garcia and Saah 2009; Zetter et al. 2014) have demonstrated that following a major refugee influx, the large increase in labour supply results in lowered wages for the local or regional population. Refugees are frequently perceived as being willing or able to accept lower wages than locals, which drives down wages within the labour market, while at the same time potentially increasing competition for jobs. Whitaker (2002: 348) notes, for instance, that in western Tanzania following the refugee influx, casual labourers' wages 'dropped by 50 per cent in many areas' (also see Maystadt and Verwimp 2009). In contrast, in the Kurdish region of Iraq (KRI), sufficient economic growth and existing gaps in the host labour force have enabled Syrian refugees to participate in the labour market without a negative impact on the host community (Sood and Seferis 2014).

Additionally, depending on the nature of the refugee influx, research has also shown that local skilled labourers may in fact enjoy benefits from a refugee influx in the form of both higher wages and greater job availability, as the presence of aid agencies has the potential to increase demand for skilled labour (Whitaker 2002; Alix-Garcia and Saah 2009). However, these jobs may fall to more highly skilled workers from distant regions and urban centres (Landau 2003).

Although less data and literature exists on the impacts of refugees on labour markets in urban contexts, evidence from internally displaced populations in Darfur suggest that urban labour markets experiencing rural-to-urban migration causes the agricultural sector employment of local hosts to decrease sharply, but simultaneously increases the likelihood of continued employment for both skilled and non-skilled local workers (Alix-Garcia and Bartlett 2012). More research is needed into the impact of refugees on labour markets and wages in urban areas. Similarly, the

impacts of refugee labour and livelihoods on the informal sector in most countries is likely to be the most significant, but it is also the most difficult to measure (Calderon and Ibanez 2009).

**Impacts on prices**

Other commonly used indicators for assessing the impacts of refugee influxes are the costs of living and prices for food and commodities within the host market (Alix-Garcia and Saah 2009; Callamard 1994; Maystadt and Verwimp 2009; Whitaker 2002; Zetter et al. 2012a; Zetter et al. 2014). While there is some evidence that higher numbers of displaced people correlate with increased food prices (Alix-Garcia and Saah 2009; Maystadt and Verwimp 2009; Ruiz and Vargas-Silva 2013), this has been contested in other studies (Enghoff et al. 2010; Landau 2004).

In western Tanzania, for example, Whitaker (2002: 343) found that the presence of refugees in the mid-1990s caused price increases for basic foodstuffs (and non-food items) from between 100-400%. Alix-Garcia and Saah (2009), studying the impact of refugee influxes from Rwanda and Burundi in the same region, also found increases in the market prices of agricultural goods, some of which were partially offset by food aid programmes. However, these effects on commodity prices are not uniform across all refugee contexts. A 2010 study on the impact of the Dadaab refugee camps on the cost of local commodities found that prices within towns hosting refugees were approximately 20% lower than in similar areas without a refugee presence (Enghoff et al. 2010). Additionally, a 2003 study by Landau found no significant impact on basic commodity prices in the Kasulu district of Tanzania following a refugee influx in the 1990s, despite widespread belief to the contrary (Landau 2003: 26-27).

For the most part, debates about the impact of refugees on fluctuations on commodity prices remain unresolved due to the difficulty of establishing causality. Sood and Seferis (2014), for instance, note that in the Kurdistan Region of Iraq, areas with high concentrations of refugees have experienced increased prices for goods and rental properties, but they acknowledge that it is not possible to distinguish the impact of refugees from other factors that may cause price increases.

It is also important to highlight that the presence of humanitarian agencies and the entrance of non-local aid workers linked to refugee care can have a significant impact on the local economy. The increase in foreign aid workers (or nationals from outside of the local area) can increase rental property prices and commodity prices through higher purchasing power and increased demand for more and different goods and services (Maystadt and Verwimp 2009; Zetter et al. 2014). However, there is evidence that these effects may remain limited to the higher-end goods, services and properties, with limited impact on most of the local population's consumption costs (Landau 2003).

**Impacts on local trade**

It is well-documented that major refugee influxes often correlate with a local or regional increase in trade and market activity, particularly in rural or more remote areas (Callmard 1994; Jacobsen 2005; Kibreab 1990; Kok 1989; Maystadt and Verwimp 2009). But, a degree of impact of this phenomenon on host economic activities has been contested (Landau 2003, 2004, 2008).

As the presence of a large refugee population (and the aid agencies that accompanies it) increases the demand and consumption for more and different goods and services, it is assumed that production and supply will expand accordingly, generating more economic activity and creating opportunities for growth. It is thought that local business owners and self-employed farmers will benefit from both the increased demand and the influx of cheap labour to scale up production and

investment. Additionally, the presence of aid agencies and foreign workers often creates demand for goods and services that can generate opportunities for new business ventures.

However, the economic impacts from increased market activity for local business owners are not unambiguously positive. There is also evidence that as economic opportunities increase at the local level due to a refugee influx, so too does the incentive for larger-scale regional or national commercial actors to enter the market (Maystadt and Verwimp 2009). This can accelerate competition and may force local businesses out of the market or prevent them from entering in the first place – a negative impact for small-scale businesses and entrepreneurs in the local host community, but arguably a positive impact for other businesses in the hosting region.

It is also important to note that the conditions which encourage the growth of trade between local hosts and refugees are dependent on context, and often specifically to the economic interactions of production and consumption between local hosts and refugees. Callamard (1994) studied trade interactions between Mozambican refugees and their local host community in Malawi, and in general found that increased trade and commoditization had no directly negative consequences for local people, although increased trade did lead to more rapid social stratification within refugee communities. However, the factors that enabled the growth of a trading relationship between refugees and their hosts, and the overall positive outcome for the hosts, was facilitated by the interaction of multiple and pre-existing 'negative' conditions, such as a subsistence-based local host economy and hardship conditions that forced refugees to seek external commodities because of insufficient aid and assistance, as well as a local environmental and property ownership context that enabled refugees to engage in agricultural production (Callamard 1994). Additionally, trading activities and economic interaction between host and refugee populations are also dependent upon social relationships between the two groups. A study of self-settled refugees in Kassala region of Sudan demonstrates how historically contextualized social relations and cultural similarities facilitated the economic and social integration of refugees in host communities and served to mitigate some of the 'burdens' of refugee hosting while enabling engagement in economic activities (Kok 1989).

**Other impacts**

Refugee influxes are also associated with impacts on environment, education, health, and security, all of which can have economic consequences (Jacobsen 1997 & 2002; Kibreab 1997; Milner 2000; Singh et al. 2005). Potential reduction in the capacity and quality of public services (in case countries in which public services are readily available) can also have a negative impact on economic productivity and may have other multiplying effects (Zetter and Fiddian-Qasmiyeh 2011).

There is also evidence that refugee populations can both threaten and contribute to local resilience and food security, depending on contextual risks and the length of time considered (Mabiso et al. 2014). Following a drought in Malawi when local production fell drastically, food assistance to the nearby refugee community, and the trade networks previously established which allowed those food and commodities to be traded, played a major role in increasing the food security and preventing severe rates of malnutrition among local communities in close proximity to the camp, claims which were empirically backed by a nutrition survey by Action Aid during the drought (Callamard 1994).

Interventions and aid directed at host populations are intended to mitigate some of these perceived negative impacts, such as environmental restoration programmes and the extension of healthcare services and infrastructural development for local people. However, there are also examples of positive impacts for host communities arising from efforts that are not agency-led. In the 1990s,

following a drought in Malawi when local food production capacities fell drastically, Mozambican refugees played a major role in improving food security among neighbouring communities. During the food shortage period, food assistance given to the refugee community was informally distributed among locals via existing trade networks (Callamard 1994).

## Macro-economic impact on host states

Beyond the economic impact of hosting refugees at the local or community level, there has been increasing interest in analysing the impact of refugee-hosting at a national level. This interest has to some degree centred around concern about costs specific to government public expenditure, as refugees 'are associated with increased but uncompensated public expenditures related to the care and maintenance of the refugee population' (Gomez and Christensen 2011: 7). Governments have been increasingly concerned over the past decades that hosting large numbers of refugees may drain resources and public funding, thereby slowing or preventing economic growth. For instance, in the 1990s, the Tanzanian government specifically blamed the refugee crises over the decade as a reason for slowed economic growth at the national level (Ongpin 2008). Others, however, claim that refugees can stimulate the national economy by increasing demand and consumption of goods and services, as well as through the monetary 'injections' of international aid spending and the development of infrastructure (Enghoff et al. 2010; Jacobsen 2002; Kuhlman 1990; Zetter 2014).

The interest in macro-level impacts has led to attempts to calculate the total cost of the refugee 'burden' for countries, including a proposed 'Refugee Burden Index', to create a standard for quantitatively measuring the national-level cost of hosting refugees (Czaika 2005). Similar attempts have been made to account for public expenditure (including direct and indirect costs), such as a study by the government of Malawi in the 1990s (Government of Malawi et al. 1990, 1992) and studies carried out on Kosovar refugees in Albania and Macedonia, all of which demonstrated massive costs to the government for hosting refugees (Angjeli 1999). In contrast, a 2010 impact evaluation of the Dadaab refugee camps estimated direct and indirect benefits for the surrounding hosting areas at US $82 million for 2009 (Enghoff et al. 2010).

Importantly, Zetter et al. (2012a) note that many of the 'costs' of hosting refugees fall upon the public sector, as the state must provide additional social and welfare services for refugee populations. Meanwhile, most of the 'benefits' are private gains that are unequally distributed among various actors. By their nature, these private gains are challenging to measure or trace and thus remain unrecognised in national-level statistics.

Common debates about the macro-economic refugee burden are well represented in the current Syria crisis. With the unprecedented numbers of refugees from Syria, governments and policymakers are seeking ways to measure economic impact and cost burdens associated with hosting Syrian refugees, reinforcing the demand for greater foreign aid and international support. A joint World Bank-UN assessment for Lebanon predicted that the impact of the Syria crisis will decrease the national GDP by 2.85% annually in 2014, double the unemployment rate, and increase the national deficit, costing US $7.5 billion from 2012-2014 (World Bank 2013). In addition, a 2014 report on existing studies of the costs and impacts of the Syrian displacement crisis by Zetter et al. reviews the fiscal and macro-economic impacts of hosting refugees. The report shows that public expenditure and national economic growth and performance are negatively affected, but also identifies some short-term benefits offered by the refugee influx, such as an increased supply of cheap labour and economic stimulation due to increased demand and consumption of goods and services by the refugee population.

Concern about the state-level impact of hosting refugees has led to several international responses to the Syria crisis that focus on the national level, including The Syria Regional Response Plan 6 approved in November 2013. There have also been arguments for increased development spending for national infrastructure and investment in order to help combat the negative effects of refugee hosting (Dahi 2014). These concerns have galvanised efforts to monitor the delivery of aid and assistance to refugees and local affected populations, as organisations seek to ascertain the impact of their own spending and programmes at a national level (WFP 2014).

However, the impact of hosting Syrian refugees has been shown to vary from state to state or region to region. For example, in the Kurdistan region of Iraq (KRI), which has been experiencing an 'economic boom' over the past few years, some of the projected 8% of GDP for KRI in 2014 has been attributed to the influxes of Syrian refugees who have filled labour market gaps (Sood and Seferis 2014) – although it is important to note that this was made possible by the specific conditions of the KRI economy and not replicated in other refugee-hosting regions of Iraq.

# 3 Gap analysis: identifying conceptual, methodological, and ethical lacunas

As the previous section has demonstrated, the existing literature on the impact of hosting refugees presents mixed findings and observations. The review process revealed a number of conceptual, methodological, and ethical considerations and lacunae in assessing the impacts of refugee hosting.

### Conceptual gaps

First of all, definitions of 'impact' are elusive because of the concept's multi-dimensionality, as well as the complex contexts created by the involvement of multiple actors such as host populations, aid agencies, and refugees themselves. Attempts to measure 'impact' and identify clear examples of 'benefit' or 'burden' necessarily entail questions such as 'what impacts', 'impacts by whom', and 'impacts on whom?'

In assessing the positive and negative impacts for the host population, it is tempting to compare these effects in order to clearly demarcate the refugee presence as one of either 'burden' or 'benefit'. However, communicating the economic impact of hosting refugees as a net 'gain' or 'loss' obscures the complexity of the potential benefits and burdens experienced by individuals, households and communities in the host population.

Furthermore, the impact analysis must be considered on a 'case-by-case' basis (Jacobsen 2002: 584). Even a holistic understanding and assessment of the impact of hosting refugees in one country, region, or even community will not be indicative of impact in other places. For example, impacts on host labour markets can vary depending on pre-displacement surpluses and deficits in the labour market, interventions by government and aid agencies, and the respective skills sets of both refugee and host populations, among other factors.

Few studies attempt to distinguish the potential 'impacts' of the refugee influx from the impacts of humanitarian interventions and international aid, and more generally the presence of humanitarian agencies and their employees in the area (Black 1994). Although this is undoubtedly a mutually-affective relationship, the impacts of refugee activities may be of a different nature and magnitude than the impacts from the activities of humanitarian agencies. For example, an analysis of changes in food prices in a local market may reveal that prices have increased overall compared

to pre-displacement data. Yet without distinguishing humanitarian activities from those of refugees themselves, it will be difficult to determine whether the cost change is a result of the increased refugee presence or the response of aid organisations, each of which would require a different remedial response.

One potential solution to this issue might be to adopt Landau's (2004) analytical lens of 'humanitarian influx', through which both refugees and the international aid agencies are considered separately in measuring economic impact. However, there may be both academic and political reasons at times for seeking to separately study the impact of each. In fact, since awareness has grown around the impacts for refugee-hosting populations and states, there has been a concerted effort by the international humanitarian community to specifically address the 'negative impacts' of refugee-hosting on host communities through special assistance programmes (Betts 2004). Several recent studies attempt to measure the impact of humanitarian spending and programmes using data about annual expenditure channelled into the host state economy, including the *2012 World Disasters Report a*nd a 2014 economic impact study of a WFP voucher programme in Jordan (Husain et al. 2014).

## Methodological gaps

### Gaps in data

Despite the introduction of new and insightful methodologies for analysing the impact of refugee-hosting (for instance, Zetter et al. 2012b), as Jacobsen (2014) notes, existing literature on the economic activities and impacts of refugees is characterised by a notable absence of reliable and rigorous quantitative data, a problem widely acknowledged by the authors themselves. Earlier studies state that discussions about impact will only be 'mere hypotheses' until sufficiently high-quality empirical data is available (Callamard 1994: 41). The challenge is amplified by the difficulty of collecting reliable data from self-settled refugees living outside designated refugee camps or settlements in the Global South (Jacobsen 2006; Marfleet 2007; Vigeneswaren & Quirk 2012). This absence of data has also prevented researchers from conducting long-term, longitudinal studies (Landau 2004; Ruiz and Vargas-Silva 2013). It is likely that the impacts of hosting refugees will change drastically over time as integration occurs, and depending on whether the situation is emergency or protracted, but such processes of change cannot be documented without sufficient data.

### Confounding factors

Attempts to measure the impact of refugees must take into account myriad confounding variables which make it difficult to isolate the impact of hosting refugees from other factors that can influence economic changes at local, regional, national and international levels. This makes it hard to specify the parameters of the indicators used for measuring impact. In addition, determining the appropriate units of analysis for host impact is complicated by the variability in the potential scales of refugee impact (Zetter et al. 2012b: 37).

As with most social science research, it is also 'difficult to establish a counterfactual' against which to test the economic impact of the refugee presence on host populations (Ruiz and Vargas-Silva 2013: 778). Due to confounding factors, there are serious problems with comparing pre-displacement and post-displacement data for a community or population (Zetter et al. 2012: 25). In order to study impact at local levels, some studies have adopted the method of using a 'control' case study of a similar region, town, or city that is not affected by the refugee influx (Alix-Garcia and Bartlett 2012; Landau 2003; Vargas-Silva 2014). For instance, Landau (2003) uses this method to contest the widespread assumptions that economic fluctuations (positive or negative) in the

Kasulu district of Tanzania were related to the presence of refugees in the region. His research discredited these perceived 'effects' through a comparative study with a non-refugee hosting community. This comparative approach can overcome some of the methodological problems, but also depends upon the availability of data for both pre-displacement and post-displacement periods and can introduce new difficulties in controlling for external factors.

### Causality

These sorts of confounding variables, coupled with a frequent and widespread inadequacy of reliable data, make it extremely difficult if not impossible to establish causal relationships between refugee hosting and macro-economic impacts.

For instance, the World Bank-UN assessment of Lebanon estimates that the Syria crisis will result in slowed GDP growth, loss of tax revenue, increased public expenditure related to refugee hosting, and general declines in trade, investment and economic activity in Lebanon (Zetter et al. 2014). Yet many of the reasons given – disruption of regional trading patterns, reduction in foreign direct investment and tourism, among others – are not able to be directly or causally linked the refugee presence, as distinct from broader regional or global factors, not least of which being the Syrian crisis. Dahi (2014) acknowledges that Jordan and Lebanon were already experiencing an economic slump before the Syria crisis. It is inappropriate to correlate the reduction in GDP growth rates in the host country to these upheavals related to the violence in Syria, and/or to the refugee influx.

## Ethical gaps

As a final consideration, the literature reviewed largely glosses over the ethical risks inherent in the discourse of measuring 'impacts' related to hosting refugees. One unaddressed concern is that undue attention to cost-benefit analyses of hosting refugees could undermine broader obligations to a humanitarian imperative. Therefore over-emphasis on this impact debate itself could mislead the course of discussion. For instance, it can result in refugees being accepted by the host states because of the economic 'benefits' that they may produce, rather than international obligations to prevent or alleviate human suffering and to uphold human rights.

Furthermore, much of the work conducted by social scientists on this topic has been undertaken in an attempt to challenge unfounded assumptions by policymakers and the general public about the 'burdens' of refugee hosting. However, it is conceivable that in certain situations and contexts, the data may indicate – or be presented in such a way that suggests – that the 'costs' of hosting refugees are actually greater than the sum of the accrued 'benefits'. In such a case, the analysis of impact for host states could lead to a justification for states to deny refugees entry or assistance on the basis of these costs. Similarly, research results showing that certain refugees or refugee populations incur greater or lesser benefits and costs (such as highly skilled workers or extremely impoverished populations) have the potential to create preferential treatment or exclusionary policies towards certain 'classes' of refugees.

Additionally, given the dearth of reliable and rigorous data around economic impacts of refugees and the problems highlighted with the collection of data in forced migration research, conducting economic impact analyses that rely upon potentially flawed data sets could lead to serious ethical breaches. The ultimate risk, of course, is that policymakers will be influenced by misleading or inaccurate findings and estimations, leading to policies based upon an insufficient understanding of the costs and benefits of refugee-hosting.

# 4 Implications from migration literature on macro-impacts of 'immigration'

In considering the challenges to measuring the 'impact' refugees have on their host populations and states, it may be useful to consult literature from migration studies. Compared to refugee contexts, impact assessments or cost-benefit analyses of immigration in developed 'receiving' countries are more widely employed in migration research (for instance, see Borjas 2008, 2012, Metcalf et al. 2012). Whereas an in-depth and extensive review of existing literature on the economic impact of immigration is beyond the scope of this paper, we highlight several important insights that can be gleaned from conceptual and methodological challenges encountered during impact analyses of migration. Many of these problems and complexities parallel the points raised in the first section.

Migration research confronts a series of methodological difficulties which are very similar to those faced by researchers measuring the impact of hosting refugees. Dustman and Frattini (2010: 4) emphasise the complexity of assessing the costs and benefits of migrants as follows:

> Although there has been remarkable progress over the last 1.5 decades, the academic literature has not yet fully explored all channels by which migration can induce costs and benefits…The ways migration affects receiving and sending economies is far more complex than mirrored in models that consider migrants simply as [a] 'factor labour'… Migration is a multi-faceted phenomenon and not all of its consequences can be assessed within an economic framework.

Similar to refugee contexts, the sectors impacted by immigration can be very wide, including the labour market, product market, housing market, transportation, education, inflation, crime, and rent (Borjas 2014: 4). To date, there is no systematic measurement system to encompass these multi-dimensional economic effects of immigration. Likewise, there are no methods to measure the intangible effects of migration on a host country, such as increased congestion or reduced cultural cohesion (Metcalf et al. 2012: 2).

This lack of standardized methods for measurement and data collection has generated over the past decades a contradictory and contested body of scholarship on the impact of immigration (Borjas 2014: 4). For instance, the study of displacement of native workers by immigrants – one of the most commonly discussed agendas in impact assessment – relies on ambiguous data and results in inconsistent conclusions (Metcalf et al. 2012: 2).

Furthermore, even in migrant-hosting countries in the Global North, lack of reliable data on immigrants poses a serious challenge to assessing the effects of immigration on receiving countries (Dustman & Frattini 2010). This parallels the challenge of obtaining reliable, valid data for the impact of refugees in many low- and middle-income refugee-hosting states.

Although the migration studies literature has important lessons for forced migration and clearly shows the pitfalls of attempts to measure economic 'impacts' of a particular group of people, there is additional work that is needed in applying these methodologies and findings to forced migration contexts.

# 5 Way forward

This literature review on the economic impacts of hosting refugees has elucidated several key conceptual, methodological, and ethical challenges facing such research. First, the notion of economic 'impact' is elusive. The interacting and multi-dimensional factors associated with both host populations, aid agencies, and refugees invite additional inquiries asking 'what impacts', 'impacts by whom', and 'impacts on whom'. Second, and relatedly, the conceptual complexity of measuring the impact of hosting refugees yields methodological difficulties. In addition, excessive focus on the 'costs' and 'benefits' of hosting refugees carries a risk of undermining the principle of humanitarian imperative and could undermine refugees' fundamental right to protection.

Drawing from these conceptual, methodological and ethical challenges, the preliminary conclusion of this literature review is that attempts to measure 'impacts' might not be a particularly fruitful or viable exercise without first addressing the gaps identified above. It might be sensible for us to step back from an elusive and methodologically fraught effort to measuring the 'costs and benefits' of hosting refugees and instead aim to first 'understand' a holistic picture of refugees' economic lives in exile. As the Betts et al. (2014) study in Uganda highlights refugees' economic activities are diverse and complex – consisting of selling, buying, hiring, and investing. A reasonable first step might well be to develop a framework to capture a spectrum of these refugees' economic activities in a systematic manner.

Another useful alternative is to expand the level of analysis from a predominant focus on the macro-level to a greater attention on the micro- and meso-levels. In the existing literature, there are numerous and insightful studies on the micro-economic activities of refugees, usually using individuals or households as units of analysis. Many of them, however, fail to link their micro-economic activities with the economic systems in the host community or country, such as markets and business sectors, in which refugees are embedded. By employing a 'bottom-up' approach and situating refugees' micro-economic cosmos with wider economic structures, we can draw a better picture of the nature of refugee economies. In addition, this approach can yield useful insights for practitioners and policymakers, enabling them to view refugees' economic lives in relation to wider markets and the value chains of host economies, an approach that is highlighted in the recent UNHCR's *Global Strategy for Livelihoods*.

Also, given the limitations of quantitative research, it is critical that future research employ mixed method approaches. For instance, qualitative interviews with local people in refugee-hosting communities can reveal community perceptions towards hosting refugees that are related to economic interactions and impacts. The host people may be more aware of intangible costs and benefits related to refugees, which are difficult to quantify. Especially for protracted refugee situations, the collection of oral history from locals in these areas could be instrumental for understanding both positive and negative 'transformations' which have taken place over time.

In addition to the points raised above, research on refugees' economic impacts will be improved by employing more comparative analysis (see Jacobsen 2014). Importantly, the nature of refugees' economic lives is largely differentiated by their living conditions in exile – particularly to what extent refugees' right to work and freedom of movement are respected by their country of asylum. Economic analyses of refugee impacts must take into account the regulatory differences between more or less restrictive host countries and compare the ways they structure and constrain the economic lives of refugees in different places.

Whereas establishing reliable quantitative measurements and data around the economic impacts of hosting refugees remains a daunting task, it will be necessary to utilise a combination of various research approaches and tools, as well as to acknowledge the limitations of available data and current assumptions, in order to nurture a better understanding of this complex and politically fraught topic.

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