

EMERGING MARKETPLACE DYNAMICS IN THE ROHINGYA REFUGEE CAMPS OF COX'S BAZAR, BANGLADESH

KEY FINDINGS:

- In order to fulfill consumer demands not covered by aid, and to generate livelihood for a small section of the population, **informal markets have emerged** in the camps of Cox's Bazar since 2017. The markets are spaces for commerce as well as for economic and social interaction between Rohingya refugees and residents of the host communities situated adjacent to the camps.
- While most products sold in the camp markets are Bangladeshi in origin, **Myanmar products are also widely available**, evidence of ongoing cross-border trade and refugees' preference for these goods. Camp residents frequent the markets to purchase goods **not provided as humanitarian aid**.
- More Bangladeshi **middlepersons have entered the supply chain** since the camp markets mushroomed in 2017, which over time has eaten away at Rohingya shopkeepers' profits and sometimes causes prices to increase. **Refugees' ability to purchase consumer products has declined** as people's savings have dwindled and opportunities to earn money inside the camps are scarce.
- Markets are a space for inter-communal interaction between Rohingya and host community residents, and marketplaces can provide **mutual economic benefit** for members of both communities. But there are **few protections in place** to prevent exploitation, extortion, and other forms of corruption. **Financial risks are high** for Rohingya entrepreneurs, who contend with high rents and minimal profit margins.

RECOMMENDATIONS:

- To help **expand the self-reliance of refugees**, humanitarian actors should consider providing unique services to support those working in the production, retail and service sectors that have arisen outside of the purview of job programs created by NGOs. For example, materials may be provided to enable certain forms of production; retailers could benefit from opportunities to purchase from wholesalers at fair prices; and service providers could upgrade their skills through vocational training. A **cooperative model** for camp-based businesses could also be supported as a way to reduce the risk of exploitation and enable systematic support and engagement by humanitarian actors.
- **Further economic research** could determine the significance of the camp economy on the livelihoods of different demographics by examining which groups in host and refugee communities benefit and which are disadvantaged by market activity under the current system. Complaints raised by some host community members that their livelihoods have been negatively affected by the refugee influx could be investigated. Data resulting from such research would assist humanitarian actors to support the development of camp markets as places where **socioeconomically disadvantaged members of both communities can build sustainable livelihoods**.
- Humanitarian agencies should **engage and build trust** with Rohingya shopkeepers and those who work in the production, retail and service sectors in order to gain a better understanding of the risks, challenges, and needs they face. Issues including banking, supply chain, and occupational safety needs should be discussed with community members in order for agencies to design responsive programming and advocate for policy change. This will require **careful research and strong engagement with the business community**.
- Humanitarian agencies should promote **safe, equitable and just working conditions** for those working in all sectors. Home-based production activities are a preferred way for Rohingya women to contribute to household income. Those designing livelihood interventions should thus ensure that such opportunities are made available to women. Child labor and labor exploitation in the non-aid sectors should be addressed and mitigated.
- The camp markets and the larger production, retail, and service sectors should be **permitted to function openly**. Data confirms that camp residents' consumption needs are not all covered through food rations and other aid. Rohingya who pursue licit self-reliant livelihoods should be supported and allowed to work without fear of having their assets seized.



A mother and daughter shop in Balukhali market

INTRODUCTION

This briefing paper examines the emergence of informal camp markets in the Rohingya refugee camps of Cox's Bazar, Bangladesh, the products sold, and the types of economic activity undertaken. It also explores the ways in which social relationships develop between Rohingya refugees and residents of Bangladeshi host communities adjacent to the camps vis-à-vis the economic interactions taking place in the markets.

For several decades, the Rohingya people in Myanmar have experienced systematic marginalization including the denial of their citizenship rights. According to the latest population figures, 712,738 Rohingya people arrived in Bangladesh after 25 August 2017, when they fled their homes in Rakhine State, Myanmar after an escalation of conflict and violence. They joined 39,435 registered Rohingya refugees who had arrived in previous waves of displacement. The recent population influx has resulted in a massive increase in the number of camp residents who all have consumer needs, though many lack sufficient income to purchase the things they need.¹

A study and accompanying report by Centre for Peace and Justice (CPJ) and The Asia Foundation (2020), *Navigating at the Margins: Family, Mobility and Livelihoods Amongst Rohingya Refugees in Bangladesh*, from which data cited in this briefing paper is drawn, examined the

camp population's experiences with family separation as a result of displacement, and the ways in which people cope with hardship in the camp setting. Researchers also sought to learn about camp residents' daily needs, and the ways in which these are met both from within and outside of the humanitarian aid system. They found that while basic food rations and other services such as shelter, water and sanitation are provided as aid by humanitarian agencies, camp residents look elsewhere to meet other needs.² People pursue income-generating activities and patronize camp markets outside of the aid system in order to obtain resources not given as aid.

Items not covered by aid, such as supplemental foods and cooking ingredients, clothing, and medicine, are all available in the makeshift markets that have grown throughout the camps since 2017. The markets provide a source of livelihood for Rohingya shopkeepers as well as for businesspeople from the local Bangladeshi host communities. They also supply needed goods to the camps, propelling the growth of an informal economy.

Six percent of surveyed households reported earning income in the past month through entrepreneurial activities such as shopkeeping. Other ways in which refugee households source money to spend in camp markets include working as NGO volunteers or in Cash for Work schemes (41 percent of households), for which they are paid a small stipend, receiving remittances from relatives abroad (8 percent), or by selling a portion

1. Bipul, Hassan (2020). "New Rohingya population figure in Bangladesh is accurate: official." *BDNews24*, 9 October. <https://bdnews24.com/bangladesh/2020/10/09/new-rohingya-population-figure-in-bangladesh-is-accurate-official>

2. The Asia Foundation and Centre for Peace and Justice, Brac University (2020). *Navigating at the margins: Family, mobility and livelihoods amongst Rohingya refugees in Bangladesh*. San Francisco: The Asia Foundation and Dhaka: Centre for Peace and Justice

of their rations (18 percent). However, 45 percent of households reported having no income in the past month at all. While these households also experience consumer needs, many simply go without and subsist on rations alone.

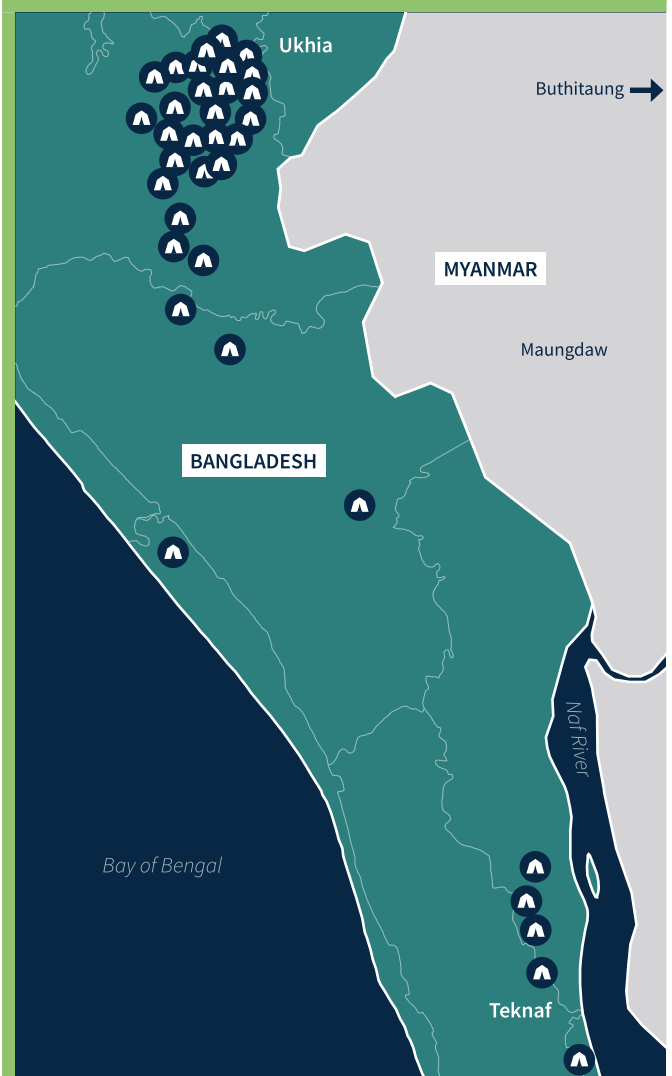
Market dynamics shift rapidly in a setting where the economy is still adjusting to the sudden addition of the large population of displaced people. The camp markets affect relations between Rohingya refugees and Bangladeshi locals, as they are one of the few spaces in which camp residents and members of the host community regularly interact. While this form of economic integration is mutually beneficial at times, tensions and mistrust sometimes arise due to a competitive atmosphere and lack of regulation. Against this backdrop, it is important to understand the rise of the informal market economy over the past several years.

Methodology

The findings reflected in this briefing paper draw from 1,611 household surveys, 50 in-depth interviews, and three market case studies conducted for a broader study.³ Data collection took place from August 2019 to January 2020. The case studies examined business dynamics in markets in the Lambashia, Balukhali and Teknaf areas.

In these marketplaces, the research team spoke with Rohingya shopkeepers, vendors and wholesalers using an open-ended interview format. The respondents were asked about their businesses, the current financial pressures they face, and their perceptions about camp market dynamics. Topics of discussion included their sources of investment capital, the origin of the products they sell, the control over supply chains linking the camps to Myanmar, and the challenges of running a profitable small business in a refugee camp environment. Shopkeepers' interactions with host community residents inside the markets were also explored.

Locations of refugee camps in Bangladesh



The Rohingya refugees currently reside in camps located throughout the Ukhiya and Teknaf upazilas (sub-districts) of Cox's Bazar district in Bangladesh's southeast, with some camps situated just two kilometers from the Myanmar/Bangladesh border.

3. Refer to The Asia Foundation and Centre for Peace and Justice, Brac University (2020) for more details on the methods and sampling strategy utilized during the study.



Friends socialize next to a fruit stand in the outdoor area of Lambashia market



Balukhali Market by day and night

Lambashia Market

The Lambashia area of Kutupalong near Ukha has a large outdoor section in which numerous stalls line a brick thoroughfare. It also has a sprawling indoor area in which lines of stalls are packed closely together, with small footpaths between rows for shoppers to navigate. Other shops line the main brick road that cuts through this area of the camps. Shops are constructed mainly from bamboo poles and tarpaulin sheets. Many shopkeepers have installed concrete floors, but the stalls otherwise appear as makeshift huts rather than permanent shops. Clerical materials are usually limited to a small table and chair for the shopkeeper, who sometimes uses a calculator, a manual scale, or a ledger book. Most stalls are packed full, with many items stacked high and others hanging from colorful plastic string.

Balukhali Market

Located in a less dense part of the camps in comparison to Lambashia market, Balukhali market lines a wide brick road passable by trucks transporting rations and other supplies into the camps. This gives shoppers a bit more room to peruse despite the lack of sidewalks to separate them from the traffic. Balukhali market has larger shops, many of which are constructed with tin sheets for walls and roofing. Here, there are grocers as well as restaurants, clothing stalls and electronics shops, which sell fans, mobile phones, and radios. Many of these large shops engage in wholesale trade as well as retail.

EMERGENCE OF CAMP MARKETS AND TYPES OF ECONOMIC ACTIVITY

Rohingya entrepreneurs' economic activity can be broadly classified into three areas: production, retail, and services. Each of the three occurs throughout the camps, and come with distinct opportunities, risks, and challenges. Child labor is a common practice across sectors, and there are no mechanisms to control labor exploitation.

RETAILING OF FOOD RATIONS AND OTHER AID ITEMS

In an environment where refugees are compelled to rely on aid for basic necessities, some resell food and other items they receive as humanitarian assistance when they face a need for a non-aid item or household expense. Rations are sold in informal markets in order to source diversified food and non-food products, as well as to source cash for emergency and medical needs or to pay off loans. Since all households are entitled to a rations package determined by family size, there is no monetary cost of entry for participation in this type of retail activity. In some cases, families may be forced to go hungry or suffer from inadequate basic nutrition after selling rations in order to cover other unavoidable costs. The 18 percent of surveyed households who said they had sold rations in the previous month reported earning an average of just 469 taka from this activity.⁴

RETAILING OF NON-AID ITEMS

Camp-based retail businesses run by Rohingya provide a source of income to the families of shopkeepers, and make basic consumer goods and materials available in the camps. Retail activities can loosely be divided into the trade of aid and non-aid items. For the normal trade of non-aid items, vendors must have links to external supply chains in order to source goods demanded by the camp population.⁵ As a result, the flow of goods to Ukha and Teknaf from other parts of Bangladesh as well as from Myanmar has increased. However, because formal trade records are difficult to obtain, understanding of the precise nature and increases of these flows remains limited.

Selling rations: Aid items in the marketplace

Farooq is a 33-year-old male camp resident from the north of Maungdaw Township.⁶ He has worked as a purchaser and retailer of aid rations, and described the economics surrounding the practice. He describes the resale of items received as humanitarian aid as an economic activity that was originally undertaken by Rohingya retailers, but is now run mainly by businesspeople from Bangladeshi host communities.

"If I bought someone's rations for 100 taka, I resold them for 110 taka," Farooq explains. "Ten taka was my profit. I was earning 300, 400, or 500 taka a day this way. But I stopped because people from the host community took over the business. This was around a year ago. Now, if the host community businesspeople suspect any refugee of doing this kind of business, they seize the items." The host community buyers who purchase rations resell them in markets elsewhere in the area, where they are purchased mainly by local Bangladeshi consumers. Commonly sold rations items include lentils, which are provided to refugees but are not a common ingredient in traditional Rohingya cuisine.

Sayed, a 40-year-old father who is struggling to finance the dowry for a daughter's marriage and unable to find a job in the camps explained that he only manages to buy vegetables and fish after selling some of the lentils he receives as rations. "I just get 200 or 250 taka two times a month for that," he says. This is Sayeed's only income. "I don't sell the rice or the oil, because we need it." Camp residents also sometimes sell non-food aid items such as hygiene and cleaning products.

4. Except where otherwise noted, the exchange rate used throughout this report is 85 Bangladeshi taka to 1 United States dollar.

5. In a 2018 study, researchers found that only 9 percent of sampled camp enterprises purchased inputs inside the camps. See Mateusz J Filipiński, Gracie Rosenbach, Ernesto Tiburcio, Paul Dorosh, John Hoddinott (2020), Refugees who mean business: Economic activities in and around the Rohingya settlements in Bangladesh, *Journal of Refugee Studies*, feaa059, <https://doi.org/10.1093/jrs/feaa059>

6. All names have been changed

Reflections from a Rohingya refugee clothing shop owner

Kalam is a Rohingya shopkeeper who operates a stall in a bustling area of Lambashia market, where he sells both men and women's clothing. Amongst his most popular items are *tamein* (women's sarong), *longyi* (men's sarong), burqa, and women's scarves worn as hijab and niqab (head and face coverings). Though the camps are built on land that is technically government-owned, Kalam pays 2,000 taka per month to a wealthy Bangladeshi person from the host community to lease the land.

Kalam and his father-in-law, with whom he co-owns the shop, initially financed the business by selling gold, using cash they managed to bring when they fled from Myanmar, and taking additional loans. Kalam still owes about 200,000 taka to his creditors. Business was quite good at first, he says, when humanitarian aid money was flowing into the camps and many newly arrived Rohingya refugees earned money by volunteering with NGOs in exchange for a small stipend.

But, Kalam says, sales have gone down as the number of camp jobs has dwindled. In 2018 and 2019, the shop profited around 4,000 taka per month, but by late 2019 this figure had decreased to around 2,000 taka per month. Kalam explains that people now face more difficulties maintaining their household expenses, and avoid spending money on new clothing. An exception is around the time of religious festivals, when people traditionally purchase clothes for themselves and for their children. Kalam says his business still booms around these times.

Kalam said that most of his shop's products are produced in Myanmar and arrive as cargo in Teknaf. Bangladeshi traders bring the products from Teknaf to the camp, where Rohingya shopkeepers then choose products from them. Kalam is dissatisfied that he is unable to go to Teknaf himself, where he would be able to choose merchandise from a broader range of Myanmar products according to his taste and what he thinks will appeal to his customers.

Kalam also complains that many imitation goods are sold in the camps. He says they are produced in Bangladesh but marketed as being of Myanmar or Thai origin, as products from these countries are considered higher quality and more desirable. Kalam explained that although Bangladeshi fabric is generally of higher quality than Myanmar fabric, the overall value of sarongs produced in Bangladesh is lower because the designs are imitations of traditional Thai and Myanmar patterns.



A shopkeeper selling clothing in a Balukhali market



Dried fish for sale in a Balukhali market

THE PRODUCTION SECTOR

A small production sector in the camps includes Rohingya gardeners who sell vegetables cultivated in small spaces, such as upon the rooftops of their tarpaulin shelters. Camp gardens are often found in the most rural parts of the camps, where there is a bit more space available for cultivation. Other camp producers prepare sun-dried fish or home-grown chilies for sale. Non-food production includes the manufacturing of garments, handicrafts, and, during the Covid-19 pandemic, face masks. Most camp-based production endeavors are small-scale and require low investment. For most of those working in the production sector, returns on investment can be slow and irregular.

The ability to participate in production from home leverages women's participation in the camp economy. Twelve percent of households report that women contribute to household income; of these, 62 percent contribute by undertaking income-generating production activities from home, such as tailoring, gardening, making snacks or manufacturing handicrafts. As community members explain, taking jobs outside of the home is mostly considered improper for Rohingya women due to conservative cultural norms. There are exceptions: some jobs, such as teaching at a learning center and working for an NGO, are seen as prestigious and thus acceptable reasons for women to venture outside the home for work. But for most families, income-generating activities from home are a preferred way for women to contribute to household income.

THE SERVICE SECTOR

The camp service sector includes food and hospitality businesses such as teashops and restaurants. It also includes service providers such as repair technicians, who fix *tom-toms* (small battery-powered three-wheeled vehicles) and mobile phones, barbers, *hundis* (informal money transfer agents who help deliver remittances sent from abroad), and teachers. Because formal education has yet to be rolled out widely in the camps, many parents rely on these Rohingya teachers to instruct students from their shelters, sometimes paying a small tuition fee of as little as 40 taka per month.

The service sector tends to be skills-based, and a few participants, such as translators, can earn high wages. A large investment in education and training is often required to develop these types of skills, though some people undertake vocational apprenticeships that require investments of time rather than money. Despite the demand for services, camp residents face a multitude of challenges that limit their ability to develop relevant skills and experience. Parents lament their children's lack of access to formal education in the camps, fearing they will be unable to develop literacy and other skills that would enable them to secure future skills-based livelihoods.



Above: A man tends to his garden

Below: A tailor makes a garment



The proprietor of a Balukhali teashop sells snacks to a father and daughter

Restaurants and teashops in the camp service sector

Many camp eateries offer take-out and in-person dining. A popular and busy restaurant in Balukhali founded in late 2017 offers menu items such as *khao swe*, a Myanmar noodle dish, as well as other traditional Myanmar salads, desserts, and curries. The restaurant is a social place, frequented by an all-male clientele. (It is seen as immodest for Rohingya women to enter teashops or restaurants.) The restaurant is a place to relax after the Jumma prayer on Fridays, when the stall is a bustling lunch destination. One reason for its popularity is the owner's sourcing of ingredients produced in Malaysia, Myanmar, Korea and Thailand. He obtains these from traders in Teknaf, who legally import the goods from Myanmar and further afar.

The restaurant owner, a newly arrived Rohingya refugee, gave a down payment of 150,000 taka to a Bangladeshi landlord from the host community to lease the parcel of land upon which the restaurant is situated. He also pays a rent of 4,000 taka to the landlord each month in order to continue occupying the parcel. The Rohingya cooks and servers who staff the restaurant earn between 2,500 to 4,000 taka monthly, and the owner usually keeps about 6,000 taka for himself.

AVAILABILITY OF MYANMAR PRODUCTS IN CAMP MARKETS

Walking through one of the numerous produce and consumer goods markets in the camps, one encounters rows of male shopkeepers tending stalls filled with a mix of Bangladeshi and Myanmar products. The widespread availability of Myanmar products is evidence that cross-border trade continues in spite of ongoing conflict on the Myanmar side of the border.

While the majority of goods sold in the camps are Bangladeshi in origin, the flow of goods from Myanmar occurs through both licit and illicit cross-border channels. When shipped legally, products arrive as boat cargo to Teknaf Port, where customs taxes are paid, and are then transported by road into the camps and other parts of Bangladesh with the coordination of logistics agents. Other goods are smuggled across the border illegally, such as Myanmar cigarette brands and other items which are prohibited from import. The trafficking of *yaba* (methamphetamine) from Myanmar into Bangladesh is a long-running security concern that affects communities along both sides of the border.

Some of the most popular imported Myanmar items sold in camp shops are non-essentials, which camp residents say help them maintain traditions and which serve as a symbolic link to home. These include *thanaka* (a traditional Myanmar makeup powder made from the bark of the sandalwood tree), popular Myanmar brands of instant coffee, tea, and cereals, *achar* (pickled fruits), snacks such as sunflower seeds, and cigarettes. A guest visiting a Rohingya camp household or attending a meeting at a tea shop is typically entertained with Myanmar coffee or tea, and *achar* is a popular snack for children. One sachet of a popular Myanmar instant coffee or tea mix (such as Super Coffee, Rich Coffee, and Happy Tea) costs the same as a sachet of its Bangladeshi equivalent, driving these products' popularity even though they cost more than they do in Myanmar.

Typical Myanmar clothing items are also widely available in the markets. The traditional Myanmar plaid *longyi* and colorfully patterned *tamein* are prominently displayed in clothing stalls. Most Rohingya men wear *longyis* every day, while women wear *eingyi* (blouse) and *tamein* underneath their burqa or when at home. Additionally, popular Myanmar footwear, such as velvet thong sandals, are available for purchase.

One-quarter of camp households consume Myanmar products every day, evidence of both the availability of these products and people's preference for them, and over half of camp households consume Myanmar products weekly or more often (see figure 1). Various reasons were



Myanmar snacks for sale at a shop in Teknaf Market

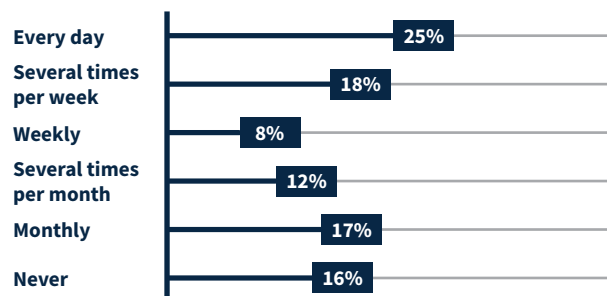


Figure 1: Frequency of consuming Myanmar products

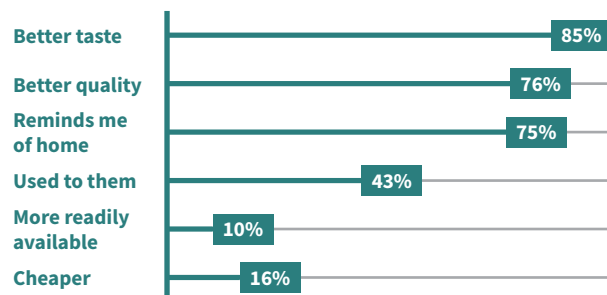


Figure 2: Reasons for preferring Myanmar products (multiple choice question; n = 223)

provided by respondents about why they prefer Myanmar goods. These include better taste and quality, as well as the reminder of home that these products provide (see figure 2). Specific Myanmar products are woven into Rohingya cultural practices to such an extent that, according to one respondent, when arranging a marriage, the family of a prospective groom may feel obligated as a matter of etiquette to entertain potential in-laws with Rich Coffee, a popular Myanmar brand.

CHALLENGES AND FINANCIAL RISKS FACED BY ROHINGYA BUSINESSPERSONS

Rohingya face various challenges while pursuing business-based livelihoods in an informal setting. Some of these challenges, such as slow and irregular returns on investment, are common amongst small businessowners everywhere, but are exacerbated by the very low incomes of refugee consumers, which greatly affects demand. This compounds the challenges presented by the general lack of infrastructure, guiding policy, banking and other services in the camps. Other constraints faced by traders include storage problems due to the lack of space and limited access to electricity, movement restrictions that prohibit Rohingya people's business travel and affect the transportation of goods, and information challenges due to inconsistent internet and phone service.

Like the entire area upon which the camps are situated, the Lambashia Market of Camps 1E and 1W stands on government-owned land that was once used for forestry. But influential and wealthy local people have customarily held leases that entitle them to steward parcels of this land. All Rohingya shopkeepers must pay 500 to 2,000 taka per month as rent to these de facto landlords, or sometimes more if their shop is situated in a particularly busy area of the market or on a large parcel.

Agreements between Rohingya shopkeepers and host community landlords are made informally, and usually entail a verbal agreement only. The Rohingya shopkeeper typically pays a security deposit in advance of launching a marketplace business. This deposit is meant to be returned if the shopkeeper ceases using the land parcel due to closing down the business or repatriating to Myanmar. Because of the informal and verbal nature of the agreements, the Rohingya party may risk forfeiture of the deposit and could face unanticipated rent hikes that impinge on profit margins that are already low.

Rohingya shopkeepers have financed these security deposits and other start-up costs in various ways: by using previous savings, receiving financial help from relatives abroad, or selling assets carried over from Myanmar, such as gold and jewelry. Typically, only relatively well-off people could source and invest the large sums needed to lease a parcel of land in a camp market and cover start-up costs. One shopkeeper explained that he received support to establish his business from a member of the host community, with whom he had a cross-border business relationship prior to arriving in Bangladesh during the 2017 refugee



Above: A shopkeeper sits outside his shop

Below: Vendors sell fish in an indoor market

influx. “After coming to Bangladesh, I got in touch with my business partner,” the man explained. “He helped me set up my business by supplying me with products. He did this without taking any money from me up front.”

The high costs of entry have greatly limited the number of people able to build livelihoods through entrepreneurship. After more than three years of displacement, very few people now possess the savings or capital needed to launch a business, so entrepreneurship in the camps is in decline overall. The total lack of access to financial institutions and credit options further limits Rohingya people's capacity to do business. They must also find ways to safeguard earnings, as there is nowhere to deposit cash. In order to open a bank account in Bangladesh, an individual must present his or her National Identity Card, which precludes Rohingya from having access to banking services.



A mobile vendor sells sugar cane

Rohim's story: A family in business adjusts to a new environment for commerce

Rohim is a 24-year-old shop owner from Maungdaw who runs a grocery business in the camps. Back home in Myanmar, Rohim and his family ran three businesses. One was a large electronics shop that sold computers and phones; one was a shop selling fashionable items including clothing, jewelry and cosmetics; and one was a grocery store.

Rohim currently pays 3,000 taka per month as rent for his grocery shop in the camps, and did not have to provide any down payment to lease the parcel of land upon which he built his shop. Rohim's family sold gold that they had carried from Myanmar in order to buy the initial stock of goods for the shop. Rohim has a brother in the Netherlands, who resettled there as a refugee prior to the 2017 exodus of Rohingya from Myanmar. This brother and other family members living abroad also sent money to help Rohim set up the business.

Most of the products sold at Rohim's shop are Bangladeshi, but he also sells popular items from Myanmar, which he orders from traders in Teknaf. Rohim estimates that his shop currently stores about 100,000 to 150,000 taka worth of goods, and he pays 20 taka per night to a night guard to ensure that his inventory is kept safe.

Rohim says that Myanmar products are more expensive in Bangladesh due to the high import tax rate. Items imported illegally, like Premium Gold cigarettes, a Myanmar favorite, cost double in Bangladesh. Rohim says that during his first year living in the camps after arriving in 2017, the market price of Premium Golds was roughly the same as back home. People could smuggle them into Bangladesh easily, but the price doubled after border controls tightened and it became illegal to import cigarettes. Rohim says that Premium Golds and other cigarettes sometimes come across the border when a bribe is paid or a few packets of cigarettes given to authorities by unlicensed traders.

Since it has become harder to bring in Premium Golds, Rohim says that more people now buy Bangladeshi cigarette brands. His other popular Bangladeshi items include locally-produced snacks for children, beverages, and other daily items such as shampoo.

Rohim's shop is quite busy and popular. Most of his customers are men, though some are children. A few women also come to shop. He sometimes allows people to take items without paying, and says his customers owe him a total of 250,000 to 300,000 taka. Those who owe money often repay Rohim in small installments. He says he fully trusts that those who owe him will eventually repay, and continues to loan people items indiscriminately. Almost all his customers are Rohingya except for some occasional NGO workers who do their shopping in the camp market to take advantage of the good deals.

Rohim says that because he sells indispensable, inexpensive household items needed by camp residents on a daily basis, sales have remained more or less consistent despite most camp residents' low income. Rohim expects to continue running his shop as long as he remains displaced and lives in the camp.

OPPORTUNITIES FOR ENTREPRENEURS FROM THE BANGLADESHI HOST COMMUNITIES

Certain business activities have emerged as spaces for frequent interaction between Rohingya and Bangladeshis. The demand for local transportation increased after the influx, when many NGO workers began traveling to the camps from the town of Cox's Bazar every day, a 1 ½-hour trip. As a result, the private transport sector grew quickly, and many Bangladeshi drivers have benefitted from stable employment. These drivers often spend the entire day waiting in the camps for their NGO passengers, giving them more time than most locals to interact with Rohingya.

Bangladeshi restaurant owners from the host communities also acknowledge that their income has increased since the Rohingya influx. A diverse range of people including NGO workers, local businesspersons and service providers who come through the camp for a variety of activities often patronize the nearby restaurants to take tea and eat lunch.

Interactions between Bangladeshi drivers and camp residents

Azeem, a 44-year-old transport service provider who lives in the town of Cox's Bazar, drives NGO workers back and forth from the camps five days a week. He usually spends five or six hours in the camp waiting for his passengers to complete their activities before driving back to town. While in the camp, Azeem often buys groceries for his family. In addition to making good use of his idle time, Azeem also likes shopping in the camp because many commodities are cheaper than in outside markets, particularly resold rations items like oil, lentils, and soap.⁷

Azeem explained that his marketplace interactions with Rohingya shopkeepers have enabled him to build friendships with refugees. He stated, "I come to the camps nearly every day, and I communicate with many different people here. I know many Rohingya people in different camps now, and I stay in contact with them. Some items that are provided to refugees as aid are cheaper here compared to the local markets of Kutupalong and Cox's Bazar, because they resell them for a low price. For example, I bought six pieces of soap for 100 taka total here in the camp. They would cost 34 taka each at the local market."

Bangladeshi-owned restaurants have experienced increased sales

Owners of restaurants and teashops in the Bangladeshi host communities adjacent to the camps often employ Rohingya youth and children, who are paid very low wages to work as cooks and servers. According to Dil Mohammad, a restaurateur from the host community, sales have increased since the 2017 influx of refugees arrived in the area. The larger clientele includes refugees themselves, as well as drivers and aid workers who come to eat lunch.

"Our income has increased compared to the early days. Now we do around 6,000 to 7,000 taka in food sales on a single day," says Dil Mohammad. "Our sales depend on the number of people coming to work in the camps. On Sundays, [the beginning of the work week in Bangladesh,] we receive the greatest number of customers. In our restaurant, both Rohingya and Bangladeshi people are welcome, but mostly Rohingya people come to eat. Our beef curry is tasty and popular, especially amongst Rohingya."

7. The practice of selling rations is undertaken by refugees in need of cash to purchase items not received as aid. While it can be a helpful way to meet needs, selling rations can negatively impact refugees' food security and nutrition. For more information see The Asia Foundation and Centre for Peace and Justice, Brac University (2020). *Navigating at the margins: Family, mobility and livelihoods amongst Rohingya refugees in Bangladesh*. San Francisco: The Asia Foundation and Dhaka: Centre for Peace and Justice. Also see *Refugee influx Emergency Vulnerability Assessment (REVA)*. World Food Programme, May 2019. <https://docs.wfp.org/api/documents/WFP-0000106095/download/>



A Bangladeshi trader sells sarongs imported from Myanmar in Teknaf Market

DYNAMICS OF INTER-COMMUNAL BUSINESS ENGAGEMENTS

Hosting the large number of displaced Rohingya has brought challenges as well as opportunities to businesses and entrepreneurs in the host community. While many host community businesses have benefitted from the influx of new consumers, local infrastructure has been overwhelmed, labor competition has grown, and the price of certain commodities has increased, all impacting social relations between the two communities.

Rohingya shopkeepers say they receive protection from Bangladeshi host community patrons—often political power brokers—in exchange for paying rents and various extralegal fees. Rohingya tend to view the camp market management committees, which consist of local landowners, as serving and protecting the interests of host community businesspeople and say their assets are diminishing while their local counterparts become increasingly solvent.

Benefits and losses: Perceived economic impacts of the Rohingya crisis on the local Bangladeshi population

While this study did not collect economic data, the Rohingya crisis has likely had both positive and negative economic effects on residents of host communities situated near the camps. During previous interviews conducted by CPJ for a study on local Bangladeshis' perceptions of the Rohingya crisis, host community day laborers complained that their wages had fallen due to the large number of Rohingya laborers willing to work for wages lower than the legal minimum. Refugees can afford to live off these low wages due to receiving food rations, unlike most host community residents.⁸ To prevent such competition, some aggrieved host community members interviewed by CPJ demanded that refugees be entirely confined to the camps and prohibited from exiting for work or other purposes.

In contrast, some refugees interviewed by The Asia Foundation and CPJ complained that they would prefer to work inside the camps, but cannot due to insufficient livelihood opportunities. Several of those interviewed speculated that their presence has affected host community residents in different ways across socioeconomic lines. They noted tangible signs of recent economic development in the Ukhia and Teknaf areas such as new multi-storied buildings, but doubted that economic growth had trickled down to poor residents of the host community.

8. See Olney, J., Badiuzzaman, M., and Hoque, A (2019). Social Cohesion, Resilience and Peace Building Between Host Population and Rohingya Refugee Community in Cox's Bazar, Bangladesh. Centre for Peace and Justice. <https://cpj.bracu.ac.bd/undp-social-cohesion-report-2019/>

CONTROL OF THE CAMP MARKET SUPPLY CHAIN

The position of Rohingya businesspersons along the camp market supply chain has shifted over the last 3 ½ years as local businesspeople have increasingly taken over supply chains, relegating Rohingya to its lowest rungs. The 2017 refugee influx necessitated the sudden expansion of wholesale services to supply bulk goods to the newly constructed makeshift camps. Rohingya refugees say they were initially more engaged at wholesale and middle levels of the supply chain for Myanmar products sold in camp markets, as they arrived in Bangladesh with links to wholesale exporters in Rakhine State and Yangon in Myanmar. Camp-based Rohingya entrepreneurs who previously participated in the supply chain as wholesalers described the efforts of Bangladeshi counterparts to replace them. While this competition between traders from different communities is not necessarily negative and could be beneficial to consumers, a lack of regulation and oversight has increased the possibility for exploitation.

As pricing falls increasingly under the control of middle vendors, Rohingya shopkeepers have seen their profits decline. Some shopkeepers say they expect to eventually lose their entire profit margin and will be forced to shut down their businesses. Many used their savings to open these businesses, and fear that they would have no alternative livelihood opportunity if they cannot remain open.

Transfer of supply chain control from Rohingya to host community

Since arriving in Bangladesh as a refugee in 2017, Rashid, a 25-year-old Rohingya businessman from Maungdaw, has worked as a middleman between Bangladeshi wholesalers and the keepers of small shops and market stalls in the camps. Initially after the 2017 influx, according to Rashid, a Rohingya retailer or middleperson could access the supply market directly by establishing a relationship with a large Bangladeshi distributor.

But he says that Rohingya shopkeepers must now purchase products directly from Bangladeshi middlepersons, some of whom also collect tolls when trucks enter the camp market to deliver consumer goods. Wholesalers have been instructed not to sell directly to Rohingya middlepersons. Rashid explains, “Now, if we were to order goods directly from the wholesale dealer, the middlepersons would stop us. They have given the wholesale dealer an order not to give anything to us directly. The dealers follow these orders because they don’t want to get involved in any problems.”

According to Rashid, the price of products in camp markets has increased as middlepersons eat away at profits. Retailers are unable to make a profit, and are sometimes forced to raise prices, which in turn means that fewer camp residents can purchase goods. This has caused some shopkeepers to go out of business entirely, and in some instances host community businesspersons have taken over their shops. Rashid believes that “the host community people are intentionally pressuring us in this way to make us go out of business.”

CONCLUSION

While further investigation is needed to understand the informal market economy and economic relationships between Rohingya and local Bangladeshis, it is clear that Bangladeshi businesspeople hold an increasing stake in camp markets and control over supply chains. Business competition is normal in any environment and is to be expected, and economic growth due to the refugees’ presence can positively affect social cohesion between host and refugee communities. But there is a lack of protections to prevent exploitation, and refugees’ right to participate in commerce is unclear.

In this environment, refugees find themselves increasingly squeezed: movement restriction policies and the recent fencing of the camps with barbed wire prevent Rohingya from leaving for work or other reasons, yet their access to capital and resources to meet basic needs inside the camps is decreasing. The enduring challenge of making ends meet leaves camp residents vulnerable to engaging in illicit economic activity, with effects on camp security and safety. The development of a healthy and equitable camp marketplace economy should be regarded as an important component of a holistic medium and long-term camp management strategy.

THE X-BORDER LOCAL RESEARCH NETWORK



In Asia, the Middle East, and Africa, conflict and instability endure in contested border regions where local tensions connect with regional and global dynamics. With the establishment of the X-Border Local Research Network, The Asia Foundation, the Malcolm H. Kerr Carnegie Middle East Center, the Rift Valley Institute, and their local research partners are working together to improve our understanding of political, economic, and social dynamics in the conflict-affected borderlands of Asia, the Middle East, and the Horn of Africa and the flows of people, goods, and ideas that connect them. This five-year program, initiated in 2018, produces research to inform more effective policymaking and programming. It builds, maintains, and expands local research networks in some of the most remote and difficult conflict-affected regions. Finally, it supports improvements in local research methods and capacity.

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