Beyond the Immediate Crisis: The Economic Costs of Hosting Rohingya Refugees in Bangladesh

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ABSTRACT

This study uses an ARDL model to evaluate both the short- and long-term implications of the Rohingya refugee issue on Bangladesh's economic growth. Although Bangladesh's GDP has continued to grow steadily, the financial strain of providing for refugees threatens the long-term viability of the nation's development. The results show that while there have been short-term economic benefits from the Rohingya refugee crisis in Bangladesh, there are also serious long-term issues. Due to temporary employment creation and higher consumer demand, the immigrant population has temporarily boosted local economies. But as time has gone on, the burden on public services, infrastructure, and government resources has led to a rise in inequality, heightened competition for jobs, and pressure on public services. These elements have impeded long-term economic expansion. Because of the increased demand from the refugee population, which is made worse by the refugee crisis, important variables including labor force participation and educational spending were found to decrease long-term growth. While the economy shows some resilience, with a 61% rate of adjustment to shocks, long-term negative impacts are expected to outweigh any temporary gains. The analysis highlights that Bangladesh's economic resilience allows for a relatively quick adjustment to shocks, but without major reforms, the long-term adverse effects will persist. The study emphasizes the need for policies focused on refugee repatriation, international aid, infrastructure investment, and labor market reforms to mitigate these challenges and promote sustainable economic development.

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