Refugees in Tanzania – Asset or Burden?

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Since its independence, Tanzania has been the location of choice for many refugees in the Great Lakes region of Eastern Africa. As one of the most impoverished countries in the world, mass refugee migrations such as those experienced in the 1990s alter Tanzania’s own plight for social and economic development. This paper explores the effects that refugees have had upon Tanzania’s economy. It will be shown that there is a variety of evidence to prove both positive and negative effects, each argument posing a counter to the other. Despite the lack of information and research on this issue, an assessment and balance sheet can be created in order to appraise the relative economic effects that the refugees have caused throughout the years. Such a balance sheet should be considered in the development and implementation of future refugee policies to ensure appropriate treatment of the refugees and the host population in addition to supporting national economic growth.

Introduction

As one of the world’s most impoverished countries, Tanzania continues to push for social and economic development in order to ameliorate the conditions of its people and gain a stronger role in the international arena. In addition to this struggle, the country is being challenged in a way that many countries have not experienced. Since its independence in 1961, Tanzania has been the location of choice for many of the refugees in the Great Lakes region of Eastern Africa, resulting in the official refugee population within Tanzania to peak at 702,000 in the year 2000. With such a high volume of refugees, it is not possible to shelter Tanzania’s domestic economic situation from this phenomenon even with the presence of international agencies supporting the efforts. The national government has publicly announced its displeasure with the stretching of resources that the refugees have caused as well as the security threats that they pose on the nation. However, some counter these claims by illustrating benefits to the country that otherwise would not have occurred was it not for the presence of refugees. It is important to understand both claims and capitalize on such knowledge in order to ensure that the refugee policies support the national economic growth.

This paper explores the microeconomic effects that refugees have had upon Tanzania’s economy. In doing this, first the history of Tanzanian refugee policy and reception will be expounded, followed by a closer look at the current situation of refugees in the country. Next, a comparison of positive and negative economic effects based on thematic concerns will be detailed, which will then be used as the basis to create a balance sheet on the findings. Such a balance sheet is crucial in understanding the specific areas of the economy that refugees influence and thus refugee policies can affect. Lastly, limitations of this research and implications on future policies will be derived in order to provide recommendations on current and future refugee strategies.

History of Refugee Migration and Policies

Tanzania has been host to refugees from its neighboring countries since the early 1960s, and largely accredited to its first President, Julius Nyerere, it has promoted an “Open Door Policy” towards refugees and asylum seekers (Chaulia, 2003, p. 154). This policy was based on the perception of refugees as victims and freedom fighters of political change and the refusal to treat such refugees as foreigners when such a label was based on arbitrarily drawn borders. Furthermore, this openness was premised on the belief that Tanzania had enough resources to share and that the presence of refugees would not be a protracted issue (Kamanga, 2005, p. 103). Vice President Rashid Kawawa articulated the government’s motivation for this policy by stating:

“Tanzania’s government is convinced that her independence is incomplete before the whole of Africa becomes free. We shall neither give up nor lag behind in supporting the refugees … We cannot help those who run away to seek a luxurious life. We will help those who want to free their countries.” (Chaulia, 2003, p. 156)

Due to this policy, Tanzania has remained very receptive to people seeking refuge from their governments and unstable local situations from the early 1960s to the early 1990s.

Three events in the 1990s changed the Tanzanian government’s attitude towards refugees. First was the change in leadership and legislation, second was the launch of new economic policies, and finally the entrance of an unprecedented volume of refugees into the country.

President Nyerere’s retirement from office in 1985 brought the entrance of leaders who were not as supportive of the refugees as their predecessor, and thus enacted legislations that inhibited on the freedom of refugees. This resulted in the “Refugee Act” of 1998.
which instigated the end of the “Open Door Policy” and was a means of assuring the Tanzanian public that the government was addressing the refugee presence and influx. This new legislation also placed greater emphasis on voluntary repatriation and provided less support to the refugees than was given in the past (Kamanga, 2005, p. 104). Another significant change in the reception of refugees was the restriction of their mobility within refugee camps rather than integrating them into Tanzanian society. Furthermore, refugees were prohibited from working outside of the camps or possessing farms within the camp grounds, thus changing the dynamics of the refugees in relation to their local hosts (Landau, 2004).

The new leadership also brought about new economic policies that limited the available resources for refugees. Nyerere’s successors, Ali Hassan Mwinyi and Benjamin Mkapa, moved away from several socialist policies and towards capitalist tenets (The Washington Post, 2001; Integrated Regional Information Networks [IRIN], 2005). This new economic approach brought on greater trade and market liberalization in the 1990s, thus tightening the budgets and policies. The liberalization process discouraged immigration into Tanzania as it was not possible to promote monetary restrictions at the same time as maintaining the welfare of refugees (Chaulia, 2003, p. 160). As liberalization also de-emphasized the importance of the agricultural industry, the utilitarian incentive to welcome refugees as a resource of labor no longer existed (Chaulia, 2003, p. 160).

Lastly, catastrophic events occurred to three of Tanzania’s bordering countries in the mid 1990s that resulted in a mass exodus of people to migrate for safety. In 1993 and 1994, Burundi and Rwanda experienced the bloodiest period in their history in which hundreds of thousands of people died due to genocides. In 1993, Burundi’s first Hutu president was assassinated, thus engendering violence against Tutsis. Consequently, 700,000 Hutus fled Burundi, many of whom turned to Tanzania for safety (Alix-Garcia, 2007, p. 6). In 1994, Rwanda experienced its own genocide, resulting in as much as a quarter of a million people entering Tanzania in a period of 24 hours. According to the United Nations High Commissioner for Refugees (UNHCR), this was the largest and fastest influx of refugees in history (Alix-Garcia, 2007, p. 6). By May 1994, Benaco Refugee Camp in the northwestern area of Tanzania was the largest in the world (Landau, 2004, p. 36). Tanzania hosted nearly 600,000 Rwandese refugees at the beginning of 1995 (Landau, 2004, p. 37). By the end of the genocide, two million refugees had left Rwanda, many of whom found their way into Tanzanian refugee camps. In 1996, The Democratic Republic of Congo (DRC) also faced its own instability through the First Congo War. During this war, several refugee camps were attacked in the eastern portion of the country, resulting in those refugees relocating to Tanzania, as well as hundreds of Congolese. Since then, the population of Congolese that have been hosted in Tanzania has been increasing, with as many as 150,000 in 2005 (United Nations High Commissioner for Refugees [UNHCR], 2005).

Between the years 1993 to 2000, Tanzania hosted almost 1.5 million refugees. In contrast to this, they had hosted approximately 400,000 from 1961 to 1993, which is one fourth the amount seen in a time period almost 4 times longer than the influx in the 1990s (Landau, 2004).

Due to the migration of refugees into Tanzania since the mid 1990s, the presence of international relief agencies has also increased and contributed to the economic conditions. UNHCR and other foreign aid organizations have risen to the occasion to provide services and goods for the refugees. In 1990, the Official Development Assistance (ODA) provided to Tanzania was 27.3% of the country’s GDP, a value which has dropped to 12.4% of GDP, most likely due to the decrease in the refugee population (United Nations Development Programme [UNDP], 2007).

Greater efforts have been made to strengthen repatriation programs in the late 1990s and onward. In 1996, most Rwandese refugees were repatriated. By 1998, a tripartite agreement between Burundi, Tanzania and the UNHCR was made in order to promote Burundian repatriation. In 2002, another tripartite agreement between the same actors was made to promote the voluntary repatriation program, and this was soon followed by the country’s first National Refugee Policy in 2003. Distinct in this policy is the recognition of only three options for refugees; voluntary repatriation, resettlement or the use of safe zones (Kamanga, 2005, p. 108).

To add to these policies and agreements, the current Tanzanian government has been very vocal regarding its view of refugees as a burden to Tanzanian society. Its conviction of refugees as a liability has been conveyed in all levels of government, from a statement made by President Benjamin Mkapa declaring refugees to be an “unbearable burden on the country … which threatened to reverse the gains made so far”, to another statement made by District Commissioner Maulid Kaggo accusing refugees of “robbery, banditry and terrorizing the local people” (Rutinwa, 2003, pp. 4, 7). Most recently, the Tanzanian government has declared its intention to close all Burundian refugee camps by mid 2008 (Economist Intelligence Unit, 2008). They have used such ultimatums in the past, though they are not always followed through; a deadline was made to repatriate all Burundians by mid 2007, but this was pushed back to late 2007. The refugees who are living in the camps would be either repatriated or relocated to other refugee camps. By doing so, they consolidate those living in the camps as well as reduce their
operation costs, which are run as a cooperation between Tanzania, UNHCR and other partner NGOs (United Nations, 2007). Tanzania’s government has stated that since there is no longer a war or strife in Burundi, it is justified to ask the refugees to return. Burundi counters this rational with a plea that they do not have the appropriate infrastructure and resources to handle the returning volume of refugees, thus they require more time to prepare for such repatriation efforts (Reuters, 2007).

In March 2008, the repatriation program reached the 300,000 mark (UNHCR, 2008). In the past year, six camps have been closed, leaving five in the northwestern part of Tanzania to aid the remaining 200,000 Burundian and Congolese refugees. Thus, the focus of the refugee programs are now shifting from one of humanitarian assistance to sustainable development, which is in alignment with the UN reform initiative “Delivering as One”. This entails the provision of programs for income generation, environment and social services (UNHCR, 2008). The UNHCR and the Government of Tanzania are also pursuing further initiatives to provide “comprehensive solutions for 218,000 Burundians refugees who fled their country in 1972 and live in three self-sufficient settlements, and for 2,000 Somali Bantus living in Chogo Settlement in Tanga Region” (UNHCR, 2008).

Due to these aforementioned trends and actions to repatriate all refugees within Tanzania, there are concerns for those who have integrated into Tanzanian culture and have married into Tanzanian households. They have been received into Tanzania through different policies and have been able to create their own niche in the society, thus contributing to their own livelihood and to the public.

Tanzania’s initial refugee policies have in effect reversed themselves over the last 40 years, from one of unconditional hospitality to discouragement and persistent repatriation. The premise for these approaches is largely in part due to the leadership’s perception of the refugees’ contribution to the Tanzanian society. Due to these stark differences in treatment and the ramifications they inflict on the refugees, the host population and the economy, a closer examination must be made of the effects that refugees have had on the microeconomic conditions of Tanzania throughout the past years in order to ascertain whether national policy is indeed taking the right course of action.

**Economic Effects**

Refugees are most often an impoverished group who are supported by international agencies and its host country. The Tanzanian government attests that that the refugees which it hosts have become a burden to its development, degrading the markets and exacerbating, if not creating, a scarcity of resources. Contrary to this, most scholarly publications attest that the asset that the refugees provide is greater than the liability that they pose. They argue that the presence of refugees in Tanzania has been shown to increase the economic capacity through infrastructure and employment opportunities. In addition, the influx has also increased the volume of trade and amount of income.

The debate of refugee impact on its host country’s economy has not been addressed as widely or thoroughly as the ordeal that the refugees themselves endure (Chambers, 1986; Whitaker, 1999; Vas Dev, 2003). Therefore, it is important to shed greater light on this subject matter in order to better understand how the Tanzanian national government can best address refugee populations and mitigate any negative effects on the national economy. Based on the limited amount of information and studies available, the following comparison provides an outline of these negative and positive consequences.

**Government Finances**

The Tanzanian government is resolute in its statements that the arrival of refugees over the years has stretched government resources and funds such that they are not able to provide adequately for its own citizens. This has occurred in both the national and local levels. “The overall assertion made is that Tanzania, as a poorly resourced country, is being forced to shoulder a disproportionate share of the refugee burden socially, politically and economically due to inadequate international assistance thus threatening to reverse the gains made so far by the country.” (Washoma, 2003, p. 3) In order to accommodate for the refugee population, the national government has had to designate land towards refugee camps and provide funds for their upkeep (Whitaker, 1999). The diversion of these funds has influenced the amount allocated to other government concerns, such as poverty reduction strategies or national welfare. Regardless of whether the government had alternate plans for the land allocated to the camps, many instances show an abuse of the land and its resources such as deforestation for wood, thus destroying potential use of the land for the future (Vas Dev, 2003, p. 115). Members of the government often marveled at the fact that refugees were sheltered in good and developed areas whereas the locals didn’t even have access to basic needs (Rutinwa, 2003, p. 7).

Contrary to the government’s position, scholars have assessed that the activity ensuing from the refugee influx has certainly stimulated the national economy. International Organizations (IO) such as UNHCR are providing funds to Tanzania in order to maintain refugee camps and projects that are affiliated with refugees. Therefore, the Tanzanian budgets do not need to incur the full cost as a burden. In 1998, UNHCR provided funds to Tanzania to take precautionary
measures in ensuring that environmental degradation did not occur in the refugee affected areas, thereby relieving Tanzania of the need to protect the area (Jacobsen, 2002, p. 583). The UNHCR 2006 budget for the support of refugees in Tanzania was nearly US$ 28 million, an amount that still requires greater support and supplementary supplies compared to that which is needed to adequately care for the amount of refugees (UNHCR, 2006).

The aid and supplies that IOs pour into the country also have increased the government revenue due to taxes and customs (Washoma, 2003, p. 6). Such an instance occurs in the Kasulu district where the Tanzania Revenue Authority and the Tanzania Posts Corporation receive electricity provided by the UN Agencies (Edelstein, 2007). Foreign funding allows Tanzania to ensure that their budget remains allocated to their development priorities, such as poverty reduction and market liberalization. As income tax accounts for 79% of the government revenue in the 2002/2003 fiscal year, which amounted to 620 million shillings, a decrease in international agency activity would translate into a dramatic drop in revenue (Rutinwa, 2003, p. 51). The local councils are also able to take advantage of this revenue. For instance, the largest local revenue source for the district of Lukole is the market of the refugee camps. 36 – 40 million Tanzanian shillings (Tshs) are collected per year, which is approximately 18% of the yearly local revenue (Rutinwa, 2003, p. 51).

Security

Government reports have indicated that strengthened efforts towards internal security have been required due to an increase in crimes committed by refugees. The national government and local individuals have attested that crime rates have increased since the introduction of large amounts of refugees in the country. Crime is more prevalent in refugee affected areas, such as Kigoma in the western portion of the country. Refugees have been connected with the proliferation of arms, thus causing an increase in armed robbery (Rutinwa, 2003, p. 15). These trends are illustrated in Table 1, where the two refugee areas of Kigoma and Kagera certainly have the largest incidences of crime for the years of 2000 and 2001.

IOs such as UNHCR have provided some support through security packages, as was done in 1995 in the amount of US$ 1 million which was directed towards equipment and training for its police to patrol and secure the local areas. However, such aid has been found to be inadequate in alleviating the added criminal pressures that refugees are perceived to inflict upon its communities (Jacobsen, 2002, p. 591). Thus, Tanzanian authorities must ensure that their budgets allocate a sufficient amount of funds to tackle refugee related crime (Rutinwa, 2003).

Despite the government’s claims on the threat to security, they do acknowledge within their own reports that studies cannot fully attribute increases in crime to the influx of refugees (Rutinwa, 2003, p. 16). Refugees have certainly been party to the crimes that they have been accused, but the extent to which they have affected their local communities is very minimal in some cases. Table 2 shows the percentage of refugees who have been caught, and it is clear that Kagera isn’t as influenced by the presence of refugees, but the same is not true for Kigoma.

### Table 1

<table>
<thead>
<tr>
<th>Crimes committed in different Tanzanian regions</th>
<th>Murder</th>
<th>Armed Robbery</th>
<th>Illegal Possession of Arms and Ammunition</th>
</tr>
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<tbody>
<tr>
<td>Arusha</td>
<td>169</td>
<td>144</td>
<td>94</td>
</tr>
<tr>
<td>Dodoma</td>
<td>159</td>
<td>158</td>
<td>45</td>
</tr>
<tr>
<td>Kagera</td>
<td>186</td>
<td>226</td>
<td>57</td>
</tr>
<tr>
<td>Kigoma</td>
<td>105</td>
<td>104</td>
<td>232</td>
</tr>
<tr>
<td>Lindi</td>
<td>34</td>
<td>37</td>
<td>6</td>
</tr>
<tr>
<td>Mbeya</td>
<td>133</td>
<td>121</td>
<td>19</td>
</tr>
<tr>
<td>Rukwa</td>
<td>82</td>
<td>60</td>
<td>55</td>
</tr>
<tr>
<td>Tanga</td>
<td>68</td>
<td>66</td>
<td>9</td>
</tr>
<tr>
<td>Zanzibar</td>
<td>18</td>
<td>19</td>
<td>--</td>
</tr>
</tbody>
</table>

Source: Rutinwa (2003)

### Table 2

<table>
<thead>
<tr>
<th>Percentage of crimes committed by refugees.</th>
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<tbody>
<tr>
<td>Refugee cases in Kigoma (%)</td>
</tr>
<tr>
<td>Murder</td>
</tr>
<tr>
<td>Armed Robbery</td>
</tr>
<tr>
<td>Illegal Possession of Arms / Ammunition</td>
</tr>
</tbody>
</table>

Source: Rutinwa (2003)

To further counter the government’s reports, it is shown that when taking into account the population ratio of refugees to locals, refugees do not commit more crimes than the general population. “As of 2002, Kigoma, the only region where refugees are spread throughout all districts, had a total population of 1,739,183 of whom about 1,355,000 were Tanzanians and 384,183 were refugees. This means refugees constituted 22% of the total population.” (Rutinwa, 2003, p. 15) This is the same percentage for refugee cases of murder and robbery. The ratio of refugees in
the population is parallel to the ratio of crimes committed, simply indicating that refugees do not necessarily have a greater propensity to commit crimes than do their Tanzanian counterparts in the region (Rutinwa, 2003, p. 15).

**Labor**

The Tanzanian regions have experienced a decrease in the amount and quality of labor, thus negatively affecting the productivity of the workforce. IOs that have entered the country for refugee relief work are able to attract the skilled workers due to the more lucrative salaries that the foreigners can offer. For instance, skilled people have been recorded to leave their jobs as teachers and farmers in order to pursue markets and employment offered by the refugee related IOs (Landau, 2004; Rutinwa, 2003). The salaries provided by the international relief agencies were in some cases two or three times higher than the salaries for similar positions offered elsewhere in Tanzania (Whitaker, 2002, p. 342). In Ngara, a community in eastern Tanzania, more than 50% of the staff from the health center chose to leave their government positions in order to work for relief agencies (Whitaker, 2002, p. 343). This harms the capacity of the country in its other sectors because production in its predominant industries, such as agriculture or mining, is not at full potential. More importantly, if other skilled workers are not able to fill the positions that have been abandoned for the international organizations, the quality of services in health and education will diminish in areas of the country. To worsen the matter, the locals that do leave their jobs in hopes for IO posts do not find such positions or are not granted work due to lack of required skills, thus they settle for lower paid jobs such as cooks and security guards (Rutinwa, 2003, p. 52). This causes an even worse scenario for the locals who have pursued the foreign agency salaries only to receive an income that is much lower than expected, and thus decreasing their standard of living.

Refugees themselves are perceived to pose a threat to the Tanzanian workforce; refugees provide a cheaper and over abundance of labor. This cheaper option undermines the opportunities that are available to local unskilled workers who hope to gain employment in labor intensive industries such as mining and agriculture (Rutinwa, 2003, p. 51). Combined with the provision of lower positions to the Tanzanians as mentioned above, there is an even greater competition for employment. This competition exacerbates the unemployment rates and poverty levels as Tanzanians are no longer able to access the same opportunities that they once had.

However, provision of labor due to the large refugee presence has also proven to be a positive effect towards capacity building. The refugee influx benefits the local industries as they provide an abundant supply of cheap human capital for the predominantly agrarian economy, which is very labor intensive (Jacobsen, 2002, p. 585). In 1962, an instance was recorded where local people vocalized their disappointment upon the relocation of refugees into their own land because the refugees were the ones who maintained and expanded the farms (Chambers, 1986, p. 250). This shows that the integration of refugees has become crucial to the economic development of local communities.

**Food and Shelter**

The increase in population due to refugees caused an increase in demand for certain resources, which thus translated into an increase in prices. Two goods in particular were noted to have increased: food and real estate. An econometric analysis conducted on the pricing of agricultural and household goods in Tanzania shows that average monthly expenditures on most products remained unchanged from the refugee influx (Alix-Garcia, 2007). However, looking specifically at staple foods, a temporary increase in price is certainly revealed, with certain foods increasing due to the difference in diet of the predominant refugee population in the area (Alix-Garcia, 2007, pp. 19 - 21). Furthermore, inflation of prices resulted in locals being priced out of the market by IO staff who had a higher purchasing power (Rutinwa, 2003, p. 50). Due to the demands for housing by the international aid workers, real estate prices also swelled from roughly 2,000 Tshs to 20,000 Tshs (Rutinwa, 2003, p. 50). It is clear that the relief workers who arrived due to the refugee influx have contributed greatly to the augmentation of pricing schemes.

If refugees were not able to attain the material that they required for food or shelter, they resorted to scavenging their surroundings. This has resulted in farms, fields and forests being scoured for food and resources, thus damaging the crop yields and environment (Vas Dev, 2003, p. 115). The farmers would no longer able to sell their expected amount of crop, affecting their economic yield as well as the country’s potential consumption of the good (Landau, 2004, p. 49). Especially hit are subsistence farmers who have nothing else to turn to if their crops are taken or damaged.

The poorest of the population are particularly hardest hit by this increase in demand as they must now spend more on their basic goods and have a smaller amount of disposable income to use for savings or investments. Refugees have also been found to sell the goods that they received as aid from IOs, thus further flooding the market and distorting the price of food. The World Food Program (WFP) estimates that refugees sell 75% of the food given to them. One such instance was recorded when a woman recounted her ability to gain a cooking pot for just two ears of corn (Whitaker, 1999). This is simply one example of prices going beyond the capacity that the locals could afford.
Food aid also crowded out the local market, thus when farmers were able to produce surplus crops, they were unable to sell them for a profit as their prices had to compete with the freely provided food aid (Whitaker, 2002).

Despite these concerns, the same econometric analysis mentioned above indicated that households decreased their expenditures on food items and experienced an increase in positive welfare indicators, such as construction material of homes (Alix-Garcia, 2007, p. 21). “This is consistent with a scenario where households sell off their food stocks in order to take advantage of high prices and then invest that money in household improvements and durable goods” (Alix-Garcia, 2007, p. 21).

Interesting to add to this debate is the recent food crisis that has been gripping many developing countries. Food concerns and shortages were a concern as far back as October of 2007 when the WFP decreased its food provisions to the western Tanzanian camps (Afrolnews, 2007). With increasing prices and decreasing supply, the results of the aforementioned econometric analysis may indicate different results.

**Common Property and Infrastructure**

As resources are shared with the refugees, willingly or not, the common goods are spread out even thinner amongst its users. This economic effect is felt the hardest by the poorest in the rural communities as they are the most dependent on the common property for their livelihood (Chambers, 1986, p. 253). Similar to the overuse of land and the foraging of food, the common goods, such as grazing land, water and roads, experience greater exploitation and use, thus rendering them unusable for future functions. In some regions of Tanzania, wells were destroyed and natural springs polluted, thus affecting the water supply for many of the surrounding villages (Rutinwa, 2003, p. 37).

Infrastructure has also been negatively altered due to the refugee influx. The heavy-duty vehicles used by the emergency relief operations have worn down roads, bridges and airstrips due to the volume and weight of the cargo (Rutinwa, 2003, p. 23). During the rainy season, the “most affected bridges were washed away by floods which they normally withstand, turning some parts of the [Kagera] region into islands” (Rutinwa, 2003, p. 23). This not only affects transit routes through the country, but it also affects the local access to markets.

There are several counter arguments to the destruction of the commons and infrastructure. In order to effectively accomplish their mandates or missions, IOs invest in the creation or upkeep of public infrastructure such as roads and water access (Jacobsen, 2002, p. 580). A very large advantage to such investment is the spillover it creates into the local communities and their communal use. By satisfying their own needs, the access that they provide spills over into the local area (Jacobsen, 2002, p. 581). For instance, the construction of roads and bridges provides better access to markets and eases the delivery of humanitarian assistance. It must be noted however that despite this construction, UNHCR has admitted to the aforementioned destruction of infrastructure.

In addition, IOs are able to offer their services and infrastructure to the locals at the end of their mandate or during times of economic constraint, such as drought and famine (Whitaker, 2002, p. 343). When Tanzania was unable to support its people during periods of drought, the locals were able to turn to the refugee camps to gain basic needs, such as food and medicine (Whitaker, 2002). Furthermore, once the IO no longer finds need for the camp or its resources, or it terminates its mandate in that portion of the country as many refugee camps have been doing, the buildings and other capital assets are given to the local community for their future use. Such a case occurred in Malawi in 1995 when the repatriation of Mozambicans was completed, thus UNHCR turned all equipment and infrastructure worth $35 million for Malawi’s use (Jacobsen, 2002). Although a Tanzanian example has not been publicized, the closure of so many camps in the past year and in the year to come could certainly bring this scenario to fruition.

**Business**

The influx of refugees provides industries the means to expand their enterprises, and thus further increase the employment opportunities that are available in the area (Whitaker, 2002, p. 342). An increase in entrepreneurial endeavors has also been observed in refugee areas of Tanzania. Small scale industries such as bakeries have popped up, taking advantage of a new market that is willing to trade and buy goods (Rutinwa, 2003, p. 49). This activity is further spurred on by policies of international agencies to purchase locally. For instance, the International Committee of the Red Cross (ICRC) must purchase 80% of what it requires from the country it operates and the Tanganyika Refugee Christian Services (TCRS) spends 79% of its entire budget locally (Rutinwa, 2003, p. 50). The amount of funds that are used and maintained in the country as a result from the external funds of IOs certainly contributes to the income of the local communities surrounding the refugee camps. Upon closure of refugee camps, a socioeconomic vacuum will be created because businesses and relief organizations will terminate their contract in that region, thereby closing markets and causing unemployment for many locals (The East African, 2007).

Local markets also become more active and locate themselves near the refugee camps in order to satisfy their needs for goods (Whitaker, 2002, p. 342). Prior to the refugee influx, farmers needed to go to Rwanda or

Volume 5, November 2008
Burundi in order to sell their harvests. However, with the increased market activity near the camps, they were able to sell their products with minimal transport costs, thus saving on operation costs (Whitaker, 2002, p. 342).

Nevertheless, these expansions have not always been met with success for the farmers and business men. Firstly, focus groups in Lusahunga expressed their concern that the new businesses belonged to other Tanzanians who migrated into the refugee affected area, thus real local people did not benefit from profits brought in by the expansions (Rutinwa, 2003, p. 50). In fact, the locals were priced out of the market and suffered inflation from the prices that resulted from the bigger businesses (Rutinwa, 2003, p. 50). There have also been reports of farms being expanded only to be raided by refugees. Another consideration to make is that “instead of a positive correlation between the availability of labor and increased commercial agricultural activity, production seems more closely linked to falling real prices for tobacco and environmental conditions” (Landau, 2004, p. 51). This leads one to question whether the increase in supply of labor influenced the development of the economy after all.

Trends
The influence that refugees exerted on Tanzania certainly didn’t happen overnight, and scholars have noted particular trends and patterns in the refugee effect. Firstly, as already mentioned, the vulnerable members of the local population, such as the elderly, disabled and the poor, are affected the most (Chambers, 1986; Whitaker, 1999). For instance, the poor locals who lived close to the camps were able to benefit from refugee health and water facilities; however, the elders of the village were neglected in care since the youth were able to work in the camps. Farmers with ample land and large harvests were able to benefit from the increasing food prices, but such prices were detrimental to subsistence farmers who needed to purchase more food to satisfy household needs. Secondly, some scholars suggest that the negative effects were not pertinent or noticeable until the goods and resources became scarce and led into competition between the refugees and hosts (Whitaker, 2002, p. 347 - 354). Both of these aspects need to be acknowledged as they highlight that despite the generalities that can be observed in the economic trends aforementioned, there are deeper and more specific concerns that add complexity to the already multifaceted issue of refugees within a host country.

The Balance Sheet
The refugee influx into Tanzania has certainly created an impact on the country, however it is the extent to which this impact aids or disables the country and its future that is uncertain. The aforementioned details on both positive and negative effects are proof of the consideration that this topic has been given, albeit very minimal and superficial. Herein lays the largest limitation in researching and assessing refugee effect on Tanzania: the available information on the economic impact of refugees on Tanzania’s economy is incomplete, sometimes superficially stated without supporting data, and/or difficult to attain due to the complexity and multidimensionality of the issue of refugees (UNHCR, 1998). It is due to this subjective and incomplete understanding that it has been very difficult for scholars and government officials to provide exact data and proof of either argument, let alone provide econometric analysis on correlations and causality between refugees and their host country’s economy.

<table>
<thead>
<tr>
<th>Table 3</th>
<th>Balance sheet on the effects of refugees on host country.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dimension</td>
<td>Host Surplus Farmers</td>
</tr>
<tr>
<td>Food Shortage and High Prices</td>
<td>++</td>
</tr>
<tr>
<td>Food Supplied to refugees depress local food prices</td>
<td>-</td>
</tr>
<tr>
<td>Cheap and convenient refugee labor</td>
<td>++</td>
</tr>
<tr>
<td>Pressures on existing services</td>
<td>Little change</td>
</tr>
<tr>
<td>New services for refugees shared with hosts</td>
<td>+</td>
</tr>
<tr>
<td>Refugee exploitation of common property resources</td>
<td>( )</td>
</tr>
<tr>
<td>Overall Economic Development</td>
<td>++</td>
</tr>
</tbody>
</table>

Legend: ++ gain heavy | (+) may gain unlikely to lose | + gain | - lose | - lose | +/ - mixed effects

Source: Chambers (1986)

Notes: 1 “The benefits of cheap food may, however, be more than offset by loss of work and lower wages from competition by cheap refugee labor” (Chambers, 1986); 2 “Positive if labor scarce and land abundant; negative if labor abundant and land scarce” (Chambers, 1986); 3 “The degree of benefit depends on the degree of access. If only a few hosts can get school place or clinic treatment, it is the poorer hosts who are most likely to be left out.” (Chambers, 1986)

In order to conclusively state the effect that the refugees have had on the economy, quantitative proof would be required to complement the copious amount of qualitative observations that have been made throughout the years. Due to the limitations aforementioned, it is difficult to surmise the data into a balance sheet with quantitative terms. However, knowing these constraints on developing such an analysis, a relative assessment can be presented based on the qualitative and limited quantitative data. Despite the difficulty in delineating exact costs and benefits of refugee presence, scholars have attempted to understand the relative impact that they have created. Robert Chambers, one of the first scholars to address the impact of refugees on their hosts, compared
qualitative evidence and experiences in order to create a working hypothesis about which rural hosts gain and which lose. As seen in Table 3, he created a chart in which he outlined the perceived relative gains and losses in seven different economic aspects for three types of hosts. He asserted that economic impact on the host country depends on the vulnerability of the population affected as well as their proximity to the refugee camps. Although this is not specific to Tanzania, very close relations can be seen with the economic examples detailed above. Even this type of analysis doesn't definitely illustrate whether refugees produce a negative or positive effect on a country’s economy. However, interesting to note is that the “overall economic development” dimension only shows positive results towards the host country, regardless of vulnerability. This insinuates that despite the advantages or disadvantages to specific economic dimensions, refugees generally do contribute positively to the host country’s economy.

Table 4
Table 4 Balance sheet of refugee effects on Tanzania.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Negative</th>
<th>Positive</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>Diversion of funds and resources away from national priorities</td>
<td>IOs provide funds to aid with refugees</td>
<td>+</td>
</tr>
<tr>
<td>Finances</td>
<td></td>
<td>Government revenue increase due to taxes received from IOs</td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td>Greater expenditure on security needed in refugee affected areas</td>
<td>Criminal activity cannot be strongly linked to influx of refugees</td>
<td>-</td>
</tr>
<tr>
<td>Labor</td>
<td>Locals receive smaller salaries from IOs than expected</td>
<td>Decrease in human capital cost for local industries due to increase in labor supply</td>
<td>+ / -</td>
</tr>
<tr>
<td>Food and Shelter</td>
<td>Increase in staple food prices and real estate prices</td>
<td>Increase in overall welfare expenditure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Farmers decrease in crop yield</td>
<td>Decrease in household expenditure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Local poor have less disposable income due to price increase</td>
<td></td>
<td>(c)</td>
</tr>
<tr>
<td></td>
<td>Food aid crowds out local market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common</td>
<td>Overuse and abuse of common resources</td>
<td>IOs build infrastructure which is also used by locals</td>
<td>+ / -</td>
</tr>
<tr>
<td>Resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and</td>
<td>Destruction of transportation routes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business</td>
<td>Increase in productivity may not be due to refugee availing cheaper labor, but from external market forces</td>
<td>Expansion of enterprise due to increase in labor</td>
<td>(+)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase in demand and supply for small enterprises</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase in market activity</td>
<td></td>
</tr>
</tbody>
</table>

Legend: + → strong asset (+) → greater asset than burden +/ - → mixed effects
         → strong burden (−) → greater burden than asset

Source: Author’s compilation.

Chambers’ method of assessment can be used to create a similar balance sheet to outline the relative economic effect on Tanzania. Table 4 summarizes the evidence for benefits and costs of the refugee presence, which are then weighed against each other by judging the severity to which the counter argument is able to strike the initial contention. This results in a positive or negative score on the economic impact. Based on this approach, refugees create a negative economic effect on Tanzania’s security as well as its access to food and shelter, a positive effect on government finances and business, and a neutral effect on labor, common resources and infrastructure. This assessment supports the assertion made by Chambers and other scholars that the vulnerability of host members certainly influences the manner and severity in which the economic impact is absorbed (Chambers 1986; Whitaker, 1999).

Once again, a definite conclusion cannot be drawn as there are degrees of influence that emerge depending on the wealth and location of the host population relative to the refugee camps, however the balance scores do sum up to a neutralized effect on the Tanzanian economy. Furthermore, the importance of such an assessment is not the definitive measurement, but rather the understanding that refugees influence specific aspects of the economy in different ways. This is an effect that can be capitalized on or mitigated depending on the desired result.

Implications of Effects

In light of the vigorous movements towards repatriating refugees and the closure of the refugee camps, the assessment above poses serious implications on the current refugee strategies and programs that the Government of Tanzania and UNHCR are implementing. The current strategies seem to be operating on the government’s perception of the refugees as a national burden, despite the claims of scholars and the UNHCR that the country has benefited from the presence of the refugees (UNHCR, 2008). If the presence of refugees is negatively related to the economy, then the strategies in place may address a cause for Tanzania’s current development and economic status. The lack of information on the causality would still not provide adequate knowledge on the sectors and regions that require greater support in order to repair the negative impact that the refugees have caused, but the current actions would be a proactive step towards ensuring the economy’s stability.

However, if the assumptions and assessments that the national strategies are based on are wrong and the refugees are in fact able to provide positive effects on the national economy, the methods and alacrity at which refugees are being repatriated would need to be addressed. Moreover, the causal relationship of the refugees on the economy may also influence the social programs that would be necessary in order to mitigate shocks due to the changes occurring to the local communities most affected by refugees and their relief agencies.

The removal of the refugees, especially those who have integrated themselves into Tanzanian society, will
influence the way in which the local communities will continue to operate their businesses and acquire public goods and services. “It is feared that the repatriation … will spell the end of business for about 15 relief organizations that have been implementing partners of UN agencies operating there” (The East African, 2007). The repatriation has also caused tension between the Tanzanian government and the government of the returning nationals as they feel unprepared to receive an influx of people while their infrastructure and public services are minimally equipped to handle even the present population. Such sentiments have been expressed by Burundi’s Minister of Human Rights and National Solidarity, Immaculee Nahayo:

“We are in talks with Tanzania authorities to see how this can be stopped because this is unacceptable. It is not easy to receive such a big number of people. We need to prepare ourselves for it and that is the reason we asked Tanzania to wait before it takes the decision to repatriate.” (Reuters, 2007)

Such anxious statements reflect the same concerns that Tanzania had at the onset of the acceptance of refugees into the country, thus supporting the government’s concerns over the influx of refugees.

The knowledge of the refugees’ economic effects on Tanzania would also alter the reaction and support provided by the international community. The available and measurable indicators have brought greater attention to and assessment of certain sectors of the economy, such as infrastructure and provision of social services (UNHCR, 1998). Determining the exact sectors and regions of Tanzania that are negatively or positively affected by refugees would help international relief organizations to effectively distribute resources and funds. A better understanding of other sectors as well as the dynamics between all sectors and regions in light of the refugee influx will ensure that aid is provided to those areas that need it most. This not only ensures that refugees are taken care of, but also that the sustainability of the locals is an integral part to development of the area. Lastly, as international aid is a large portion of Tanzania’s budget, the decrease in IO activity may alter the funds that Tanzania receives and has integrated into its national strategies. This change in funding schemes and sources would need to be explored by the government to ensure that the same services are still offered despite the disappearance of relief agencies.

Policy Recommendations
The results of a comprehensive, qualitative and quantitative analysis of the economic effect of refugees on Tanzania would influence the actions taken by the Tanzanian national government and the relief agencies on the ground. There are four recommendations that must be considered as Tanzania continues through its repatriation program and develops further refugee policies.

Firstly, greater monitoring efforts must be made in order to document and understand the effects that refugees have on Tanzania’s economy. Although it may be too late to assess the influx’s impact, the economic changes that occur during the removal of refugees from northwestern Tanzania and the closing of the camps can signal the extent to which the refugees were integrated as well as the economic role that they played in the local communities.

Secondly, stronger and more holistic refugee policies must be created in partnership with the origin countries to ensure that repatriation and any other refugee migration is to the betterment of the refugees, the governments and the local communities that the refugees inhabit. This includes the consideration that the package benefits offered to the refugees’ repatriation accounts for social and economic wellbeing upon return to the country of origin.

Thirdly, regions in Tanzania that host refugee camps and significant population of refugees must be supported. Regardless of a negative or positive impact on the local area, the removal of refugees will cause changes in the dynamics of the area, and thus the government needs to be aware that the removal of refugees and IOs will alter the infrastructure and markets.

Finally, a return to Nyerere’s Open Door Policy may mitigate future negative impact of refugees on Tanzania. The decision to limit refugees into refugee camps and the influx of refugees from the Great Lakes Region occurred at roughly the same time. Due to the lack of information on economic patterns prior to and during the refugee influx, it is difficult to ascertain whether either action caused a change in dynamics between Tanzanians and the refugees. However, the testimonials and studies of refugees who integrated into Tanzanian society of their own accord have not raised the same economic concern as those placed into refugee camps. Therefore, a policy that would permit some refugee integration, as was done prior to the 1990s, may ease the dynamics between locals and refugees in addition to promoting positive societal contributions from the refugees.

Conclusion
The effect that refugees cause on Tanzania’s economy is not well documented and thus not properly understood. There is a variety of evidence to prove both positive and negative effects, each argument posing a counter to the other. However, the lack of quantitative information to support such arguments hinders both
scholars and policy makers from accurately defining refugee influence on the Tanzanian economy.

Predominant arguments that support the concept of refugees as a burden on the economy include reallocation of government funds from national priorities to refugee programs, increase in food prices, and the destruction of common resources and infrastructure. Negative influences such as these restrict the development of the local and national economy as the capabilities of the Tanzanians are limited by the sacrifice that they must make in order to host thousands of refugees.

Advantages to the presence of refugees can also be given. Some of these assets include the increase in market activity and government revenue, increase in labor supply, and the provision of infrastructure. These are aspects of the economy that may not otherwise have been stimulated were it not for the added population and IO funding made available.

Regardless of the outcome on economic impact, the vulnerable members of society such as the poor and elderly absorb the effects more readily and to a larger extent than any others due to their dependence on their surroundings and the balance of the market on which their livelihoods are reliant. As they don't have social programs to support them, they do not have any other alternatives (Whitaker, 2002, p. 347).

Despite the lack of information and research on this issue, an assessment and balance sheet can be created in order to appraise the relative economic effects that the refugees have caused throughout the years. This approach does not point to either burden or asset as a conclusion since it also indicates mixed effects based on the sector which is examined, but it does highlight that economic sectors are influenced in different ways by the refugees' presence in the country. These variances reveal that nuances are needed within refugee policies rather than a general broad approach.

As Tanzania continues with its efforts to close refugee camps and reduce the refugee population within its borders, its government must consider the ramifications of its actions and policies given that the role of the refugees on the economy is not fully understood. If these actions are based on misinformation of the refugees as a burden, the current strategies may be harming the economy rather than ensuring its stability. It is the thorough consideration of possible negative and positive influences that allows effective decision making for country policies and the future of its economy.

References


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