

Their Suffering, Our Burden? How Congolese Refugees Affect the Ugandan Population

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Summary. — This paper analyzes the impact of both the long-term presence and additional influxes of refugees on the local population in Uganda. Uganda has a unique legal framework of local integration which makes it an interesting case study. Refugees are allowed to work and move freely. The political aim is to integrate them economically and socially into the host communities. The impact of this approach on Ugandan households' objective and subjective welfare as well as their access to public services is the focus of this study. Two different household surveys covering the years 2002–10 are used in order to employ a difference-in-differences approach. In doing so, the natural experiment of two sudden inflows is exploited, while simultaneously controlling for the long-term trends in refugee numbers. The findings presented here suggest that the Ugandan population living near refugee settlements benefits both in terms of consumption and public service provisions. However, their negative perceptions regarding their own economic situation and their alienation from their national state in favor of their ethnic identity contradict this objective improvement of livelihoods. This is the first study to empirically analyze the effect of a long-term presence of displaced populations on local communities. With refugee situations becoming increasingly protracted, the findings offer important policy insights and point toward an interesting new field of research.
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Key words — refugees and host population, local integration, Uganda, Democratic Republic of the Congo

1. INTRODUCTION

The Second Congo War has also been named Africa's World War, referencing its disastrous impact as the deadliest conflict since World War II. Especially in the east of the country, millions have become internally displaced or have fled to neighboring states. In Uganda, which has a history of recent civil war itself, the accommodation of refugees was initially met with popular support. However, as their situation became increasingly protracted and their return was not conceivable, reluctance developed as refugees were perceived to become a burden on public infrastructure and a source of competition in the labor market.

Similarly, the number of protracted refugee situations, i.e., those that have been lasting for more than five years (Crisp, 2003) has increased globally from 22 in 1999 to 33 by the end of 2013 (United Nations High Commissioner for Refugees, 2014). On average, refugees live in uncertainty about their future for 17 years (Jacobsen, 2002). For a long time, refugee policies largely had an emergency aid type of character, caring for them in camps and aiming at sending them home or to third countries as fast as possible. In 2005, however, the United Nations High Commissioner for Refugees (UNHCR) had a policy shift toward their local integration (United Nations High Commissioner for Refugees, 2005).¹ In a background note in the World Development Report 2011, the World Bank also acknowledges the “development challenge” that exists due to the impact that refugees have on their neighboring countries (Puerto Gomez & Christensen, 2010).

The Ugandan government follows a policy of stressing the aim of economic self-reliance of the refugees and of promoting their local integration by merging public services for Ugandans and the displaced. This approach differs from the well-known approach of “refugee warehousing”. Local integration policies, however, are in danger of failing if nationals feel—and possibly rightly so—that the foreigners' presence is to the their disadvantage (Fielden, 2008).

Uganda has been facing two linked but distinct challenges. Together with the international community, it has to simultaneously provide emergency aid as well as long-term development support and find a transition from one to the other. Both of these tasks run the risk of being fulfilled at the cost of the local Ugandan population due to a tight public budget and an economic environment that is sensitive to externally induced changes in supply and demand. While the presence of refugees will always have an effect on the local population, this impact is likely to be much more pronounced in the Ugandan context of local integration (personal interviews, 2014).

The purpose of this paper is threefold: first, it analyzes to what degree the political goals of refugees' economic independence from aid and inclusion of public services impact the situation of the host population. This is done by examining household welfare in terms of consumption and the accessibility of health and primary education institutions. The hypothesis is that the presence of refugees has an impact on the economic welfare of the surrounding areas' population, depending on the households' source of income. This might be through either price effects or competition in the (labor) market. Furthermore, it is expected that when opening up public services provided by international aid donors to the host population, the general availability of services increases. In contrast, when allowing refugees to access state-run

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services, funds are expected to be redirected away from services for nationals.

Second, in addition to these objective measures, the subjective view of the local population regarding their economic situation and how much they identify with their national state is taken into account. The presence of a large number of foreigners will impact the population's perceptions, which in turn affect the success of the integration process. Third, both the long-term trend in refugee numbers and the extent of supplementary influges are included in the analysis. This allows me to differentiate the effect of refugees that have been living in Uganda for a long time and thus have built a living from additional sudden inflows of displaced creating emergency-type situations.

Three waves (2002, 2005, 2010) of two different household surveys are used, respectively, in order to employ a difference-in-differences approach. I thus compare the effect of additional refugees in refugee-hosting areas to a control group of non-hosting districts.

The findings presented here suggest that Uganda can benefit from its decades long experience in hosting refugees and its exemplary policy framework. There is an overall significantly positive effect of refugee presence on households' consumption that is overlain in times of sudden additional influx for income groups competing with refugees in the labor market. This increase in consumption is in line with the findings of other studies on western Tanzania. Regarding public services, results show that in terms of education, the non-governmental organizations and other private agencies help the state cope with the additional demand for services. This, conversely, functions less well in the health sector. However, the positive developments in objective measures are not met by the perceptions of the nationals. Ugandans living in the surrounding areas of refugee settlements have more negative views on their present economic situation and feel more alienated from their central government. This could motivate policy makers to look further into this issue and possibly increase efforts to reduce prejudices between the groups.

This paper is organized as follows: Section 2 summarizes the literature this work contributes to and from which the theory of change is derived. Next, the background information regarding refugees and their hosts in Uganda as well as the conflict in the Democratic Republic of the Congo are explained in Section 3. Following, Section 4 describes the identification strategy, model, and data before presenting the findings. In addition to the difference-in-difference approach, an instrumental variable estimator is carried out in Section 4(e). The final part concludes.

2. LITERATURE REVIEW

Most of the literature on refugee crises focuses on the displaced persons themselves, while the perspective of the population living close to the settlements remains largely under-researched. Yet, a large increase in the population can be expected to impact the local economy. This effect is likely to be more pronounced in developing countries which have difficulties providing for their own population. As Kibreab (1985) describes, in a complex chain of events a refugee situation will first affect the displaced population and then spread to the country of asylum, the country of origin and, lastly, the international community. He states that, if given the right support in terms of land, agricultural inputs, and access to markets, refugees will be a stimulus to economic growth and development rather than a burden.

The impact refugees have on a household's consumption within a Ugandan host community is a priori unclear. Possible risks include disease outbreaks, food and land scarcity, unsafe drinking water, and wage competition (Baez, 2011; Montalvo & Reynal-Querol, 2007). Refugee flows can also pose a security threat, e.g., extending the network of the rebels (Kirui & Mwaruvie, 2012; Salehyan & Gleditsch, 2006). In contrast, external funding and additional human resources could raise the welfare of the host community and stimulate their local economies through higher demand and the influx of resources from international humanitarian assistance (Baez, 2011; Jacobsen, 1996, 2002).

In a seminal theoretical paper moving to the micro level, Chambers (1986) finds that net sellers of agricultural products will benefit from increased food demand at the cost of net buyers, while land abundance can mean that more land is used benefiting everyone.² He argues that ignoring especially vulnerable groups of the host population is fatal as they have needs similar to those of the refugees but cannot use the "safety net" of a camp. Many empirical works have directly or indirectly built on these thoughts. In western Tanzania, the presence of Burundian, Rwandan, and Congolese refugees induced an increase in trade and business, and brought with them the positive effects of relief operations but also altered social dynamics and carried new diseases (Berry, 2008; Whitaker, 2002). In Ghana, refugee-hosting areas have been found to undergo a massive structural change as a small agricultural settlement became a growing urban settlement attracting even Ghanaians to move there (Agblort, 2011).

This qualitative and descriptive literature has only very recently been complemented by quantitative empirical works, mostly focusing on the Tanzanian case.³ Studying the effect of Rwandan and Burundian refugees on the local population after four, ten, and sixteen years, respectively, the overall impact has been found to be positive. Yet, as suggested by previous works, winners and losers can be identified based on the possibility of benefiting from price changes and improved road infrastructure, determined by the access to resources, education, or power (Alix-Garcia & Saah, 2009; Duranton & Maystadt, 2013; Maystadt & Verwimp, 2014).

For the Ugandan context, Dryden-Peterson and Hovil (2004) argue that refugees have the potential to benefit commerce as traders and customers, where the lack of coordination between refugee assistance structures and the wider district development structures has been resolved. On a similar note, Kaiser (2000) describes that an estimated 40% of the assistance provided by UNHCR to the Kiryandongo settlement was directed to the surrounding area. This again points toward a positive impact of refugee presence on households' consumption.

At the community level, effects foreseen by the literature are clearer: there is a general notion that school and health care facilities might be overburdened by the influx while international funding can lead to more and improved infrastructure (Baez, 2011). This is differentiated by Chambers (1986), stating that public services and common property resources will be strained in the short run but can benefit in the long term as external aid creates additional supply. For Uganda specifically, Dryden-Peterson and Hovil (2004) describe how public infrastructure provisions for nationals are enhanced when hosts are allowed to attend refugee schools.

Apart from these objective outcomes, the perceptions of the population are crucial. Jacobsen (2001) determines three main obstacles to local integration: real and perceived security threats, economic and environmental resource burdens (perceived or actual) as well as resistance to integration and

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