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ASSESSING THE FUNCTIONALITY OF MARKETPLACES SERVING ROHINGYA REFUGEES IN BANGLADESH

A market assessment in Cox's Bazar



Assessing the functionality of marketplaces serving Rohingya refugees in Bangladesh

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1. Introduction

In August 2017, targeted violence against the Rohingya people living in Myanmar triggered a massive refugee influx in Bangladesh, with an estimated 745,000 Rohingya fleeing into Cox's Bazar. Almost three years on, approximately 1.3 million people living in Ukhyia and Teknaf sub-districts need assistance (ISCG, 2019), including 860,243 Rohingya refugees (187,534 families)¹ residing in 34 camps (WFP, 2020a).

The overwhelming number of arrivals exacerbated an already fragile situation and is believed to have presented new socio-economic challenges to the host communities. Relative price increase of goods and services, market distortions due to aid commodities being sold and decrease in the wage labour rate are but a few challenges that have been reported. On the other hand, the increasing number of contacts and transactions between the two communities (refugees and host population) have contributed to shaping the camp economy. In fact, multiple market actors have emerged, and supply channels of food and non-food products have also diversified.

All in all, the market situation in and around the camps, their interlinkages, functionality etc. have changed substantially since the influx, but updated information on the overall functioning of the market in Cox's Bazar was not available at the time of the inception of this study (November 2019). While quite a number of market assessments exist, these have been undertaken at a micro-level, focussing on specific camp-markets and without taking into account the market environment at large, not to mention the business relationships with the rest of the country. In addition to that, previous studies largely assessed the supply of food. However, given that Rohingya refugees cannot create livelihood opportunities, humanitarian assistance will remain critical. As WFP and other humanitarian partners are prioritising market-based interventions, a more comprehensive and updated market assessment was required in order to identify how markets can fulfil the demand for essential needs required on a regular, seasonal, or exceptional basis by households for ensuring survival and minimum living standards.

A multi-sector market assessment was therefore key to identifying new market relationships formed, gaps remaining unfilled and an effective plan for multi-sector interventions moving forward, aiming at investigating the market access to goods beyond food.

The rest of this paper is organized as follows. Section 2 describes the context, section 3 reviews previous markets assessments, section 4 assesses current market functionality, section 5 sheds some lights on the impact of refugee influx on markets, while section 6 provides concluding remarks.

¹ Rohingya refugee response/Bangladesh. Joint Government of Bangladesh - UNHCR Population Factsheet as of [31 May 2020](#).

2. Context

2.1. Cox's Bazar, the world's largest refugee resettlement

Cox's Bazar is the southernmost district in Bangladesh. It is a strip of land in the Chittagong Division jutting into the Bay of Bengal and bordering the Rakhine state of Myanmar where most Rohingya population have been residing. Due to its proximity and religious closeness, Cox's Bazar has been a host community to Rohingya migrants and refugees over decades. By 2016, approximately 35,000 Rohingyas² were residing in the registered camps in Ukhiya and Teknaf *upazilas*, while the number of the unregistered Rohingyas was estimated to be much higher, most of whom were living in two makeshift sites near Kutupalong and Leda.³

In August 2017, escalated sectarian violence against the Rohingya population in the Rakhine state triggered an unprecedented refugee influx, with thousands of Rohingyas fleeing to Cox's Bazar in just few weeks. By November 2017, nearly 622,000 refugees⁴ had arrived in addition to those previously residing in the area. This included an estimated 46,000 living in host communities.

Humanitarian actors responded and intervened promptly, covering a wide range of needs, including food, water, sanitation and hygiene (WASH) items, household items, and core services such as medical and educational facilities in the camps.

Yet, three years down the line, levels of vulnerability remain high, with 94 percent of all Rohingya refugees being highly and moderately vulnerable to food insecurity and in continued need of humanitarian assistance to meet their basic needs. In addition to that, 41 percent of the host community face the same levels of vulnerability (WFP, 2020a).

2.2. Three years on since the onset of Rohingya refugee crisis

As of May 2020, WFP assisted 144,387 beneficiaries through in-kind transfers (oil, rice and pulses), and 714,182 beneficiaries through the e-voucher transfer modality through 16 WFP retail outlets distributed across the camps.⁵ Additionally, fresh food corners (within the retail e-voucher outlets) and farmers' markets were introduced to provide fresh food items to the refugees. In total, USD 6.5 million were transferred to the e-voucher outlets, with a plan to scale up and reach 100 percent of the refugee population with this transfer modality.⁶ WFP also provides multi-wallet⁷ support to other organizations for the distribution of Liquefied Petrol Gas (LPG) and hygiene kits.⁸

Ukhiya and Teknaf *upazilas* are considered among the poorest areas of the country. Considering the local population in the host communities was less than half a million in the last population

² *Ibidem*.

³ *Upazila* is an administrative area in Bangladesh which functions as a sub-unit of district (Joud, Rossi and Wise, 2017).

⁴ ACAPS, Rohingya Crisis Situation Analysis [November 2017](#)

⁵ WFP Bangladesh, Rohingya Refugee Response, Situation Report #38, [May 2020](#).

⁶ WFP is rapidly decommissioning the in-kind assistance; in fact, in January 2020 roughly 370,000 individuals were assisted with this transfer modality. WFP Bangladesh, Rohingya Refugee Response, Situation Report #34, [January 2020](#).

⁷ The multi wallet strategy is a centralized inter-agency service that is used for distributing not only food by WFP but also other non-food items by other agencies.

⁸ WFP Bangladesh, Rohingya Refugee Response, Situation Report #36, [March 2020](#).

census,⁹ it is indisputable that the magnitude of the influx has overwhelmed the local population. Although there is a restriction of movements across camp sites and the interaction between the refugee and the host communities is officially limited, it is believed that there is enough mobility between these two communities and that the humanitarian responses have spilled over into the market environments outside the camps.

The principal mode of the humanitarian assistance used to be largely in-kind distributions as it was a modality that better matched the rapidly growing needs of refugees. With the employment opportunities being limited for refugees, it has been reported that the Rohingyas had been selling in-kind assistance in informal markets in and around the camps to generate cash flow and meet other needs such as more diversified diets and other non-food needs including medicine, clothing, toiletries among others (WFP, 2019).

As these assistance items flow back into the market, there has been a concern about market price distortions (downward pressure) which may hamper the competitiveness of local vendors. This is contrary to the worry in the initial stage of resettlement, where the additional demand generated by the newcomers might have driven up the prices of goods and services in the local markets, in turn potentially increasing the cost of living and deteriorating the living conditions of low-income households in the host communities.

Over the past three years, the market environment has evolved substantially in response to these varying forces, with significant economic interaction between the enterprises and individuals inside and outside the Rohingya refugee camps (Rosenbach *et al.*, 2018). There have been multiple market assessments conducted in the past by different agencies in response. Building on the rich information provided by previous studies, this assessment attempted to diagnose the market situation and functionality and provide the most up-to-date information as the humanitarian actors consider moving towards market-based approaches in the future.¹⁰

Recently, with high rates of COVID-19 cases, the Cox's Bazar municipality declared a "Red Zone" in the camps, with the area under a strict lockdown and markets only open on Sundays and Thursdays.¹¹ This report does not attempt to portray the evolving market situation as a result of increasing COVID-19 cases and consequent social distancing and lockdown measures. However, since the data was collected only few weeks before the pandemic declaration, we believe that it can be used as a baseline to understand how the novel coronavirus is impacting markets in Cox's Bazar

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