

# A Bangladesh Compact: Beyond Aid Solutions for Rohingya Refugees and Host Communities

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## KEY TAKEAWAYS

- Bangladesh is providing an immense global public good, hosting more than 688,000 Rohingya fleeing violence in Myanmar since August 2017.
- The international community should come together to make aid and beyond-aid commitments that deliver sustainable benefits for refugees and hosts. Deploying a refugee compact model that combines these contributions with policy reforms that enable refugee dignity and self-reliance is a promising path forward.
- The Jordan Compact offers important lessons on the necessity of diverse stakeholder engagement, strong data and evidence, pragmatic policy discussions, and delivering sustainable solutions for refugees and hosts alike.
- The level of ambition needed for a Bangladesh Compact requires looking not just at new financing but also beyond-aid contributions such as trade concessions and increased labor mobility.

## I. THE DISPLACEMENT CONTEXT

Cox's Bazar, a district of Bangladesh home to about 2.3 million people, is now hosting 900,000 Rohingya refugees. More than 688,000 of these refugees have arrived since August 2017, after fleeing the most recent campaign of ethnic cleansing in Myanmar. Despite the focus on repatriation, historical experience and Myanmar's posture (including failure to provide conditions for safe and voluntary return) suggest that return is not possible in the foreseeable future. In addition to facing significant

protection concerns and gaps in basic services, Rohingya are not permitted to work and provide for their families. Evidence shows that refugees can become self-sufficient if provided adequate rights, opportunities, and support. Achieving social and economic inclusion requires significant policy changes in Bangladesh and investments from bilateral and multilateral donors, NGOs, and private companies and investors.

Even while engaged in meeting the urgent needs of Rohingya refugees, Bangladesh and its partners are con-

templating solutions to the refugee situation within Bangladesh, the region, and beyond. Building on the current international attention to the Myanmar/Bangladesh situation and in line with the 2030 Sustainable Development agenda, there is an opportunity to call for increased and equitable responsibility sharing and to reinforce Bangladesh's efforts to tackle poverty. Combining these elements could help the government of Bangladesh and other countries to make a case for policy and investment decisions in their respective countries that could benefit Bangladesh's population and the refugees. As outlined in the recent CGD policy note, *Why Bangladesh Needs a Refugee Compact and Three Big Ideas to Make It Happen*, a compact approach could be mobilized to reflect this mutual interest.<sup>1</sup>

## II. BANGLADESH'S RESPONSE FRAMEWORK: APPLYING COMPACT LESSONS

In the refugee context, compacts are agreements between the host government and donors that combine grants, concessional loans, and other “beyond aid” incentives to support refugees and host communities with policy reforms that promote refugee well-being and self-reliance, such as access to livelihoods and access to public education. The compact model is distinct and goes beyond traditional humanitarian aid in three ways: it is a multi-year commitment; it focuses on longer-term development outcomes and the necessary policy reforms to achieve them; and it aligns international support with national leadership and development plans, avoiding creating parallel systems where possible.

### COMPACT DESIGN

Refugee compact implementation (as seen in Jordan and Lebanon) has not been without challenges. But the compact model is one of the most promising and innovative approaches to date, and is putting into practice long-standing recommendations to improve protracted displacement response. Any compact in Bangladesh should consider lessons from previous compacts and similar programs.

**Focus on key policy changes.** Any compact agreement in Bangladesh should focus on policy reforms, includ-

ing those relating to legal status, freedom of movement, access to health and education, and labor market access. Rohingya refugees currently lack basic protections (such as legal refugee status), are confined to settlements in Cox's Bazar, and lack access to labor markets. Policy changes that enable and create opportunities for Rohingya well-being and self-sufficiency can ultimately reduce reliance on aid and maximize the potential economic and other contributions by Rohingya.

**Advance national and local development plans.** A fundamental attribute of compacts is that they deliver benefits to both refugees *and* host communities, including by supporting national and local development plans. A compact agreement in Bangladesh could create opportunities for greater investment in infrastructure, improved service delivery, private sector engagement, and economic growth. Refugees themselves can also be significant economic contributors when enabling policies are in place, such as the right to own businesses and access to financial services.

**Prioritize data, evidence, and stakeholder engagement.** Lack of data and evidence and limited engagement with host community and refugee populations have hampered the effectiveness of previous compacts. During program design and implementation, participation by those communities who will be most closely impacted by the outcome—Bangladeshi host communities and Rohingya themselves—is critical.

**Look beyond aid.** A compact in Bangladesh could combine policy reforms—such as freedom of movement and education access—with significant incentives and support to generate growth and opportunities for both Rohingya and Bangladeshi citizens. Donors should continue to provide grants, especially for urgent needs. But, donors and other stakeholders must think beyond traditional aid to achieve ambitious goals for refugees and their hosts.

### POTENTIAL “BEYOND AID” COMMITMENTS

While financial commitments are critical, a compact could consider the following “beyond aid” commitments, among others:

**Expand Bangladesh's trade preferences with the European Union.** Bangladesh is set to lose trade preferenc-

<sup>1</sup> CGD, 2018, <https://www.cgdev.org/publication/why-bangladesh-needs-refugee-compact-and-three-big-ideas-make-it-happen>.

es with the EU and other countries when it graduates from least developed country status.<sup>2</sup> More than half of Bangladesh's exports went to the EU in 2016, about 90 percent of which was textiles and clothing.<sup>3</sup> Upon graduation from EU and other trade preferences, Bangladesh's export revenue could decline by well over an estimated 5 percent.<sup>4</sup> A compact could extend preferences, bringing significant benefits to Bangladesh without affecting the EU's fiscal situation. Another potential opportunity that could have more immediate impact is further relaxing rules of origin in emerging sectors such as pharmaceuticals and agri-processing.<sup>5</sup>

**Increasing opportunities for Bangladeshi migrant workers.** A compact could break new ground by including provisions for greater numbers of Bangladeshi migrant workers in the Gulf and Southeast Asia. Raising quotas could help meet labor demand and increase earning opportunities for Bangladeshis—and potentially for refugees as well.<sup>6</sup> Labor migration is a fundamental component of Bangladesh's economy: in 2015, remittances accounted for about 8 percent of GDP, the second-largest source of foreign income after garment exports.<sup>7</sup> But given the exploitation and abuse that migrant workers experience, any compact should simultaneously seek to strengthen protections for workers.<sup>8</sup> By participating in a compact, Gulf states could strengthen their nascent role in refugee response, building on their contributions to the Syrian crisis and initial support to Rohingya refugees, on mutually beneficial terms.<sup>9</sup>

**Partner with regional actors, such as China and the Asian Infrastructure Investment Bank (AIIB).** Bangladesh is an important strategic and economic partner for China. More than a third of Bangladesh's imports come from China—and more importantly, Bangladesh is a critical link in China's Belt and Road Initiative (BRI).<sup>10</sup> One of the six BRI economic corridors would connect Bangladesh, Myanmar, India, and China, including the construction of a new port in Bangladesh.<sup>11</sup> The Chinese-led Asian Infrastructure Investment Bank (AIIB) is playing an important complementary role, including financing energy projects. Given the likelihood of protracted displacement, China has an incentive to invest in a solution that promotes inclusive growth and stability in Bangladesh. China could enhance current trade preferences by granting zero tariffs to a greater proportion of Bangladeshi products, or consider accelerating the relocation of “sunset industries” to Bangladesh.<sup>12</sup> It could also accelerate or expand BRI and AIIB projects in Bangladesh and include provisions for Rohingya employment in their implementation. Similar opportunities could be explored with other regional partners, such as India and ASEAN.

Although refugees can become economic contributors with supportive policies and investments, the politics can be very difficult. A compact can offer a path forward by creating a package of new and substantial development opportunities for Bangladeshi citizens and Rohingya refugees.

2 UNDESA, 2018, <https://www.un.org/development/desa/undesavoice/feature/2018/02#37874>

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6 MPI, 2015, <https://www.migrationpolicy.org/research/refugee-migrant-labor-mobility-protection-potential>.

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8 World Bank, 2017, <http://www.worldbank.org/en/news/feature/2017/07/30/in-bangladesh-migrant-workers-can-dream-of-a-better-life-with-access-to-better-resources>.

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11 The Economic Times, 2017, <https://economictimes.indiatimes.com/news/international/world-news/china-moots-economic-corridor-with-myanmar-for-easy-access-to-indian-ocean/articleshow/61742023.cms>. Dhaka Tribune, 2017, <https://www.dhakatribune.com/opinion/op-ed/2017/10/31/one-belt-one-road-means-bangladesh/>.

12 UN, 2016, <https://www.un.org/ldcportal/overview-of-chinas-duty-free-quota-free-market-access-programme-for-ldcs/>.

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