

Beyond Camps and Communities: The Economics of Refugee Relocation in Bangladesh

Sandra V. Rozo · María José Urbina · Christina Wieser

World Bank

Development Research Group

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This Paper



What happens when a government relocates refugees to a remote purpose –build island settlement?

MOTIVATION

Why Does This Matter?

117.2 million forcibly displaced persons worldwide by the end of June 2025 (UNHCR, 2025)

How to host them is one of the most pressing questions in development economics?

Three hosting models

1 Refugee Camps → Mixed evidence on camp-based hosting

✓ Boosts local economic activity, agricultural prices, and employment (Ndip et al., 2024; Alix-Garcia et al., 2018; Loschmann et al., 2019) but also is correlated with ✗ higher disease incidence, worse child nutrition, lower educational attainment, and deforestation (Dagnelie et al., 2023; Baez, 2011; Anti & Salemi, 2021) and Camps cluster in disadvantaged areas and worsen host attitudes toward refugees (Davis et al., 2024; Segnana et al., 2024).

2 Local Integration → Strong positive evidence

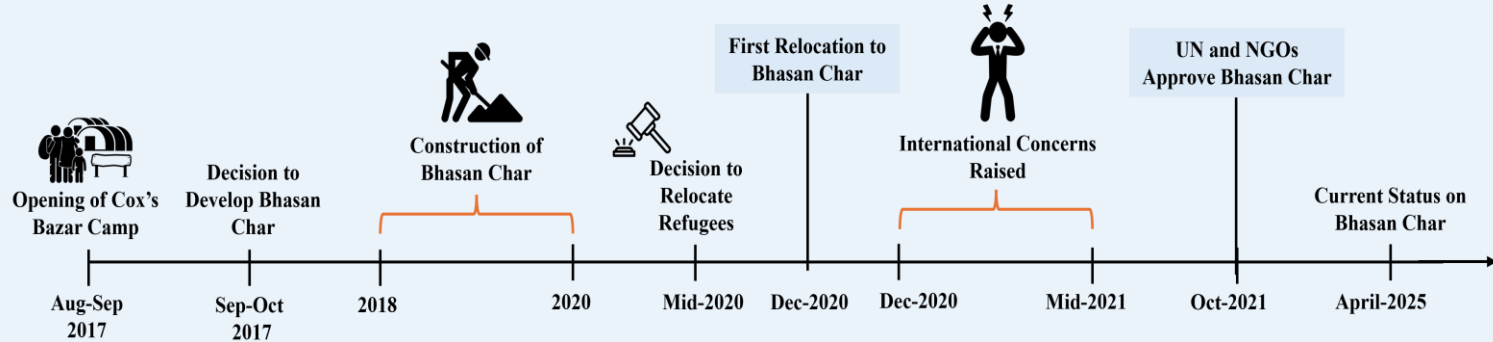
✓ Labor market access improves mental health, income, consumption, and educational outcomes for refugees and their children (Hussam et al., 2022; Ibáñez et al., 2024; Foged et al., 2023; Battisti et al., 2021)

✗ Restrictive employment policies and prolonged asylum processes produce lasting negative labor market outcomes (Hainmueller et al., 2016; Fasani et al., 2021; Ahrens et al., 2023)

3 Purpose-built remote settlements

Evidence on model 3 is virtually non-existent. This paper fills that gap.

Bangladesh – Key Facts



- Rohingyas fled because systematic persecution in Myanmar
- In August 2017 approximately 742,000 Rohingya refugees arrive in Bangladesh
- Bangladesh respond by establishing large-scale refugee temporary camps in Cox's Bazar
- Rapidly, these camps became overpopulated. Only 10.7 m² per person (UN minimum: 45 m²)
- 2021 → Bhasan Char island relocation program. Largely in response to severe overcrowding in the Cox's Bazar refugee camps

Bhasan Char: A Remote Island Settlement



Silt island 60 km offshore in the Bay of Bengal



USD 300M government investment



1,440 housing clusters; 2 hospitals; solar power; embankments



Only accessible by boat: 2–3 hour journey to mainland



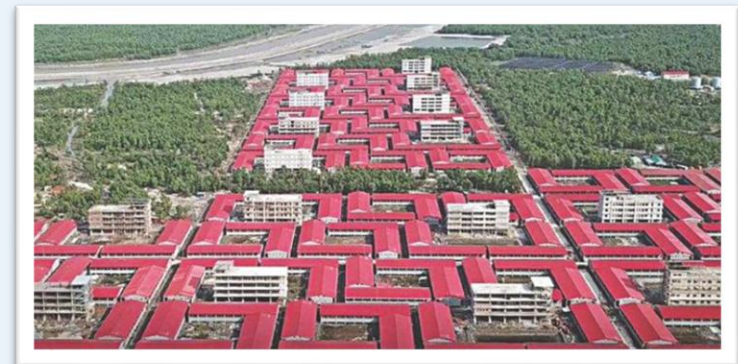
High-cyclone-risk zone; sea-level rise threat



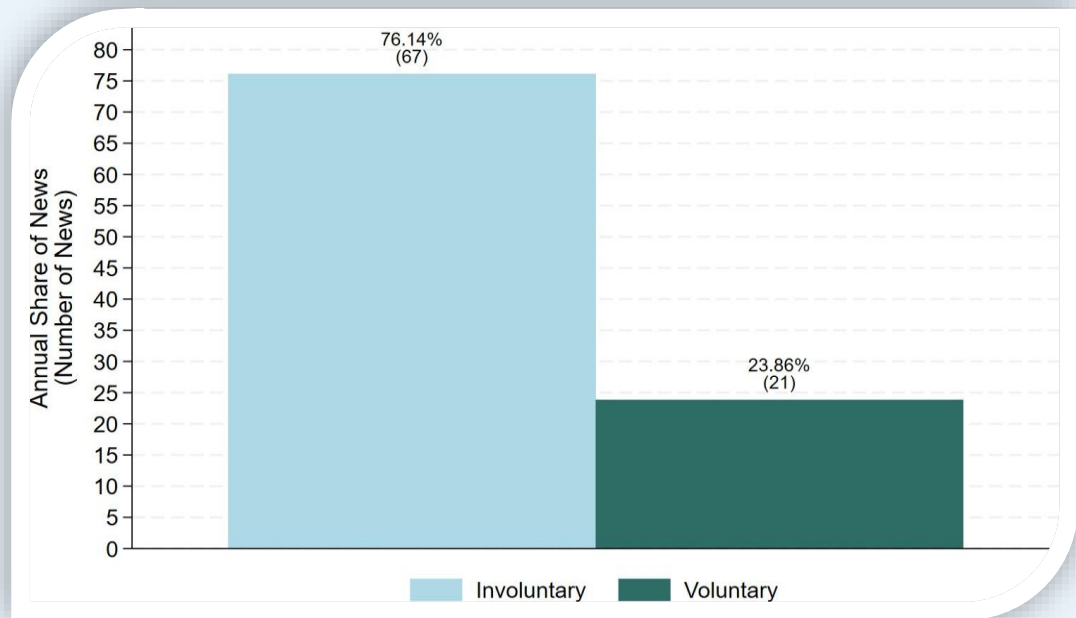
Bhasan Char was met with considerable debate



In 2021 UN approved the project



Refugee relocation to Bhasan Char according to news coverage



No Formal Criteria

**⚠ Web Scraping Evidence shows:
76% of news articles described
relocation as involuntary. No official
selection criteria documented.**

Notes: This figure is based on information extracted through a web scraping exercise of 88 news articles retrieved via Google News that reported the relocation of Rohingya refugees from Cox's Bazar to Bhasan Char. Articles were reviewed to determine whether relocation was voluntary or not.

Data Sources

Cox's Bazar Panel Survey

2019 wave - pre-relocation

5,016 households
Representative of
Rohingya in Cox's Bazar
camps

Cox's Bazar Panel Survey

2023 wave - post-relocation

4,996 households (97%
retention)
Control group: DRP still in
Cox's Bazar

Bhasan Char Panel Survey

2022 wave

962 households
(~12% of island)
Treatment group:
Surveyed directly on
Bhasan Char

Same survey design across all waves → fully comparable data

Empirical Strategy

How we estimate the effects of relocation

No formal selection criteria, we can't use a clean quasi-experimental design → We use two complementary methodologies:

- ① Unadjusted mean comparisons
- ② Propensity Score Matching (PSM)

PSM controls for: age, sex, student status, reading ability, household size, and number of children — all measured pre-relocation.

While PSM addresses observable heterogeneity, unobserved differences may persist. Therefore, we interpret the estimated gaps as **descriptive** rather than causal.

RESULTS

Stark Deterioration in Food Security After Relocation

-44%

Food Consumption Score
(T-test= 118 in BC vs 206 in CB, WFP index)

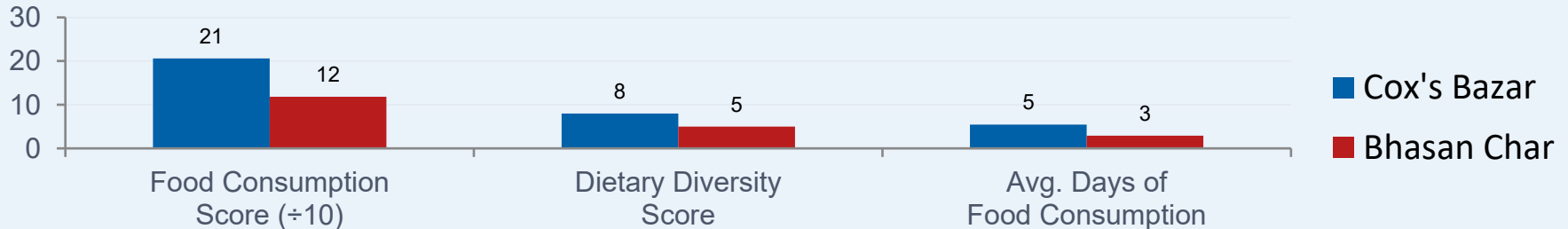
-37%

Dietary Diversity Score
(T-test= 5.0 BS vs 8.0 CB food groups)

-47%

Frequency of Food
T-test= Consumption (2.9 BC vs 5.4 CB days)

ATT = Overall Food Consumption Index: -5.6 standard deviations below the Cox's Bazar mean



Higher Illness Rates and Depression

ATT: ↑ 2.7 pp

Physical Illness Prevalence
(T-test = 0.185 vs 0.156 Index – ↑ 19%)

ATT: ↑ 6.2 pp

Moderate or severe Depression
(T-test= 0.098 vs 0.072 index — ↑36%)

Why are health outcomes worse?

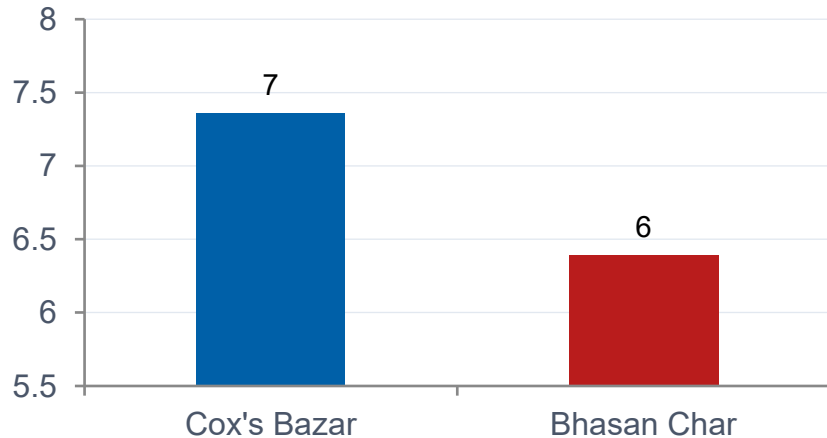
- Only primary care on island
- Specialist care requires boat trip to mainland
- Travel can delay treatment & worsen conditions
- Isolation = lower social support (mental health)
- High baseline vulnerability amplified

Refugee populations already exhibit high baseline rates of mental health issues; the relocation program appears to have exacerbated these conditions, rather than alleviating them.

Severe Labor Market Isolation on the Island

-45%

Monthly Wages (log wage)
(T-test: 6.39 vs 7.36 — employed workers)



Why is labor market integration so weak?



No private sector on island — only humanitarian programmes



High transport costs block access to mainland labor markets



No commercial networks → limited informal trade



Agriculture hampered by saline soil



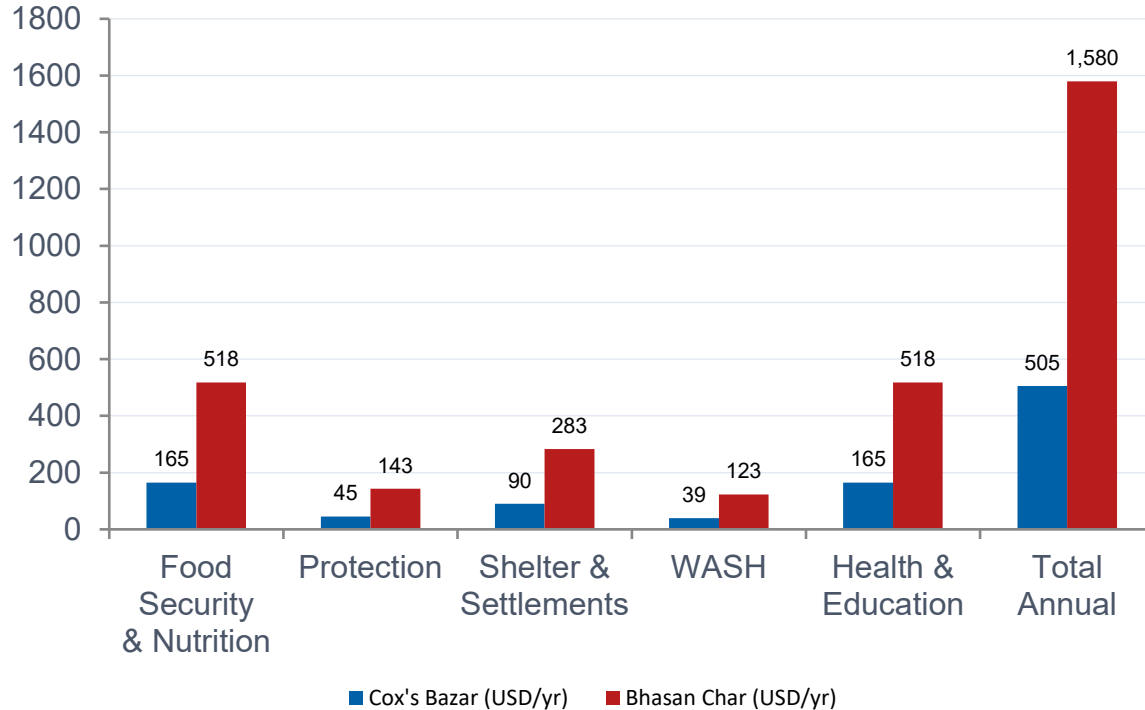
Income generating activities: livestock, handicrafts, fishing — economically unsustainable

Bhasan Char Costs:

We collect detailed data on the per capita cost of hosting refugees in each location, disaggregated by humanitarian sector

- **Food Security & Nutrition** (25–30% of budget) Direct food assistance and nutrition interventions — WFP
- **Protection** (5–10%) Legal aid, child protection, and GBV prevention — UNHCR and partners
- **Shelter & Settlements** (12–18%) Construction, maintenance, and improvement of refugee housing
- **WASH** (5–8%) Potable water, sanitation, and hygiene promotion — UNICEF and WASH cluster
- **Health & Education** (25–30%) Primary healthcare, maternal and child health, disease prevention, and non-formal education

Bhasan Char Costs ~3× More Per Refugee



\$430–580

Annual cost per refugee
Cox's Bazar (USD)

\$1,350–1,810

Annual cost per refugee
Bhasan Char (USD)

+\$9,953

One-time infrastructure
cost per person (Bhasan Char)

Driven by: remote logistics, no economies of scale, fully standalone infrastructure, high food delivery costs

Summary: Two Core Findings

1

Well-Being Deficits

- Food consumption: -44% (score), -37% (diversity), -47% (frequency)
- Physical illness: +17% more prevalent
- Depression (moderate/severe): nearly doubles (+6.2 pp)
- Monthly wages: -45% among employed
- Consistent across PSM and raw comparisons

2

Fiscal Inefficiency

- Annual costs: \$1,350–1,810 vs \$430–580 per person
- ~3× more expensive than Cox's Bazar
- Infrastructure: extra \$9,953 per person (one-time)
- Food delivery alone: \$470–565 vs \$150–180
- No economic integration to offset costs

Worse outcomes AND higher costs — a dual failure of humanitarian and economic logic

Policy Implications



The model is not sustainable

High fiscal cost + poor outcomes = an inefficient humanitarian strategy, especially as aid budgets shrink globally.



Connectivity matters above all

Geographic and economic isolation from mainland markets is the main driver of most observed gaps.



Labor market access is non-negotiable

Access to labor markets consistently improves refugee well-being



Calls for fundamental reform

Reassess whether this programme is worth continuing.

Policy Implications

News Release, Report

Bangladesh: Close Bhasan Char, End Rohingya Island Detention Policy



Fortify Rights report, January 21, 2026

This paper carried significant political weight

By January 2026, the Bangladesh government suspended further relocations of Rohingya refugees to Bhasan Char and declared the project not viable, though the island has not been completely closed.

While officials now advocate for shutting it down, thousands of refugees remain on the island as plans for their relocation to the mainland are finalized.

“The government is not interested in continuing the Bhasan Char project.”

— Bangladesh Refugee Relief and Repatriation Commissioner

Thank You

*Beyond Camps and Communities:
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Key finding: Relocating refugees to Bhasan Char is associated with systematically worse well-being across food, health, and labor outcomes — despite costing ~3× more per capita than hosting in Cox's Bazar.

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