

# De facto economic integration of Rohingya refugees in Bangladesh

The Rohingya refugee crisis in Bangladesh, driven by Myanmar's persecution, has evolved into a prolonged humanitarian and economic challenge. With over 1 million refugees residing in Cox's Bazar, Bangladesh's policy remains focused on repatriation – a solution that is currently unfeasible. *De jure* integration is also politically untenable. In this policy brief, we propose a policy alternative that authorizes and supports income-generating activities in the camps, thereby fostering refugees' financial self-reliance, reducing dependence on humanitarian assistance and alleviating economic pressures on host communities. Our proposed approach balances humanitarian needs with the Bangladesh government's encampment policy, offering a sustainable middle ground while awaiting long-term solutions like repatriation or third-country resettlement.

## Brief Points

- Repatriation and *de jure* integration are currently unfeasible for over 1 million Rohingya refugees in Bangladesh.
- Donor fatigue and the ongoing civil war in Myanmar are further exacerbating the crisis.
- This policy brief recommends *de facto* integration (economic integration), focusing on economic self-reliance through income-generating activities within camps and adjacent areas.
- Key measures to enable income generation include vocational training, micro-finance, mobile banking and digital skill development for Rohingya refugees.
- Collaborative partnerships between the Government of Bangladesh, the UN refugee agency (UNHCR) and international non-governmental organizations (INGOs) are crucial to implementing sustainable livelihood opportunities.

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## Introduction

The Rohingya, a Muslim minority from Myanmar, have endured decades of violence, discrimination and statelessness, having been denied citizenship since 1982. In August 2017, over 742,000 Rohingya – many of them children – fled to Bangladesh to escape brutal violence in Myanmar’s Rakhine State. Today, more than 1 million refugees reside in overcrowded camps in Cox’s Bazar, the world’s largest refugee settlement, where they rely heavily on humanitarian assistance for their survival.

The Government of Bangladesh (GoB) has shown a profound humanitarian commitment by providing shelter to Rohingya refugees fleeing atrocities in Myanmar. The GoB’s official policy, however, remains strictly with repatriation as the sole objective. Eight years after the mass exodus of 2017, conditions in Myanmar’s Rakhine State remain unsuitable for the voluntary, safe and dignified return of Rohingya refugees. Myanmar’s military junta has shown no genuine willingness to address the root causes of persecution or to create the conditions necessary for credible repatriation. Moreover, the ongoing conflict between the Arakan army and the military junta in Rakhine further complicates any prospects for a safe and sustainable return.

This prolonged state of limbo has created an unsustainable situation, characterized by severe humanitarian, security, environmental and economic challenges. Refugees remain almost entirely reliant on diminishing international aid, leading to malnutrition, poor sanitation and a loss of dignity and hope. Idleness and lack of opportunities in the camps increase risks of criminality, radicalization and human trafficking, all of which threaten regional stability. Meanwhile, Cox’s Bazar faces significant environmental degradation, strained public services, and economic pressures, which fuel local resentment. Additionally, the financial burden of sustaining such a large-scale humanitarian operation is overwhelming for Bangladesh, exacerbated by donor fatigue and critical funding shortages.

While the current GoB policy is clear in its intent, it fails to address these escalating risks, underscoring the need for a pragmatic approach that balances this protracted crisis with Bangladesh’s Rohingya policy.



Figure 1: Rakhine State (Myanmar) and Cox's Bazar (Bangladesh)

## The policy impasse

Given the Myanmar junta’s demonstrable unwillingness and the persistence of civil conflict in Myanmar, prospects for return are currently remote. Additionally, while some initiatives have been taken towards third-country resettlement, this option remains highly insignificant given the vast number of refugees and the slow pace of the process.

Meanwhile, the GoB has consistently excluded *de jure* integration from consideration as a viable policy alternative. Since the beginning of the 2017 Rohingya influx, the GoB has framed Rohingya presence as temporary, opposing longer-term planning or programming that could enable integration into Bangladeshi society and maintaining that repatriation to Myanmar is the only viable solution (Sullivan, 2022). The GoB has not recognized ‘integration’ as a feasible policy option because of several factors, including the overwhelming number of refugees, pressure on the local economy and resources, and concerns about internal safety and security. Additionally, authorities worry that expanding refugees’ rights and livelihood opportunities could create ‘pull factors’ that encourage further cross-border arrivals into Bangladesh.

Bangladesh is a non-signatory to the 1951 Refugee Convention and lacks a dedicated legal framework for refugees. This is reflected in the GoB’s labelling of the Rohingya as ‘Forcibly Displaced Myanmar Nationals’ (FDMN) rather than refugees. Extending refugee rights to the Rohingya, as the policy circle believes, would encourage the arrival of more refugees rather than facilitate repatriation. Thus, the government continues to prioritize repatriation despite

the lack of visible success. Within Bangladeshi policy circles and the broader public psyche, local integration remains a taboo concept.

In our recent research (Salehin & Hossain, 2025), we explain the prospects as well as challenges related to local integration of the Rohingya. We believe that both repatriation and resettlement are unfeasible now and in the near future. We thus propose economic integration of the Rohingya as a form of *de facto* local integration.

## *De facto* integration through income generation

We are not framing the term ‘integration’ as a pathway to citizenship, commonly referred to as *de jure* integration of refugees. Instead, we are advocating – at least for now – for *de facto* (economic) integration. This is a practice-focused model that empowers refugees to become financially self-reliant, reduces pressure on local resources and international aid, and maximizes refugees’ human capital while maintaining their current legal status.

‘*De facto* integration’ and ‘*de jure* integration’ differ in terms of citizenship and legal rights granted to refugees in the host country. In the former, a refugee can attain various rights, self-reliance and strong social ties within the host country without becoming a naturalized citizen (Salehin & Hossain, 2025). Therefore, in our policy recommendation, we have adopted *de facto* local integration in the form of economic integration. This involves providing refugees with livelihood opportunities – within the host country’s existing policy framework – to promote self-reliance and reduce the economic pressure on the host country. Such measures will also help alleviate other forms of stress and vulnerability.

We propose that the GoB, in collaboration with partners such as UNHCR and different INGOs, establish arrangements to facilitate income-generating activities within the refugee camps and, where feasible, in adjacent areas. It has been demonstrated (Salehin & Rahman, 2023) that it is possible to implement income-generating initiatives within refugee camps while adhering to an encampment policy.

In this context, we aim to highlight the necessary actions required to enable sustainable livelihood opportunities within the Rohingya camps. We highly recommend introducing and facilitating

income-generating activities (IGAs) at Rohingya Camp in Cox's Bazar. This could include establishing a government-sanctioned secure Economic Zone on the periphery of the existing camps or in nearby underutilized areas.

### How to support livelihood activities

To enable livelihood activities in the camps, the following operational requirements need to be established:

#### Coordination body

A coordination committee and structure is already in place to support the Government of Bangladesh in managing and assisting Rohingya refugees (Rohingya Refugee Response, 2025). This includes the Strategic Executive Group (SEG) based in Dhaka and the Refugee Operation and Coordination Team (ROCT) located in Cox's Bazar. Both groups consist of members from various organizations, including the UN, UNHCR, the International Organization for Migration (IOM), the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA), the World Food Programme (WFP), the World Health Organization (WHO), INGOs, Bangladeshi NGOs and other donors.

The responsibility for facilitating income-generating activities could either be integrated into this existing structure or assigned to a newly established body dedicated to coordinating livelihood initiatives. Ultimately, the GoB will have the final authority to determine the design and oversight mechanism for this coordination effort. The GoB could establish a commission to conduct a feasibility study for piloting the project, incorporating engagement and input from key donors and international partners.

#### Using biometrics for SIM and mobile banking registration

The proposed economic integration can now be implemented more effectively and systematically, as nearly all newly arrived Rohingya refugees have undergone biometric registration. This registration facilitates their inclusion in economic activities, much like how the UNHCR and other aid providers utilize blockchain technology for food and aid distribution.

The biometric registration of Rohingya has also paved the way for providing mobile services to

refugees. Access to mobile services will unlock many related economic opportunities. While many refugees currently use mobile phones in the camps, the SIM cards are not registered in their names. With this system in place, Bangladeshi mobile operators can now provide SIM cards directly to refugees.

Furthermore, access to mobile services and the internet creates the potential for introducing mobile banking services, which would significantly enhance economic activities within the camps. This integration of technology and financial services could empower refugees to achieve greater financial independence and self-reliance.

#### Microfinance: Aid-in-kind and loans

Income-generating programmes in refugee camps typically follow two approaches: a) a grants-based approach, offering free input like cash or equipment, and b) microfinance, providing loans or credit for small businesses. While the grants-based approach is the most commonly used, many practitioners argue loans are preferable as they reduce dependency, promote resource responsibility and enable future funding through repayments (Cavaglieri, 2008).

To empower the Rohingya economically, provide them with dignified opportunities to improve their lives, and reduce poverty, the government and NGOs – including Islamic organizations – can introduce microfinance programmes to support small business ventures. These businesses could include grocery shops, handicraft production, sewing initiatives for women, mobile and electronics repair, tailoring and barber shops. Given that the Rohingya are predominantly Muslim, Islamic *Shari'a*-based interest-free financing models – such as *Mudaraba* (Dhumale & Sapcanin, 1999) or *Qardh Al-Hasan* – would likely be particularly appealing to many.

#### Leveraging digital technology

Establishing a dedicated digital setup within the camps and host community infrastructure can leverage the opportunities of the current digital era. Providing training in high-demand, location-independent digital skills – such as data entry, graphic design, basic coding, digital marketing and multilingual transcription – can empower refugees to find sustainable livelihood opportunities. Collaborating with Bangladeshi and global IT firms and freelancing platforms

could establish curated marketplaces for refugee freelancers, enabling them to compete for micro-tasks and projects in the global digital economy.

#### Strategic programme design to avoid market disruption

The Government of Bangladesh must be careful to avoid market distortion, inflation and resentment within the host community. A market analysis should be conducted before introducing income-generating activities in the camps. Based on market analysis and expert recommendations, a comprehensive strategy should be formulated. The GoB may consider:

- Prioritizing complementary activities over competing products and direct competition with local firms.
- Targeting goods currently imported from other countries and developing capacity to produce similar items in the camps. In Cox's Bazar, tourist shops show strong demand for products from Myanmar, such as fruit pickles; shawls; sandalwood items (e.g. bath soap); bags; lungis; decorative pieces and various handicrafts. The 'Burmese Market' in Cox's Bazar illustrates this demand. Where feasible, similar products could be produced by Rohingya refugees.
- Supporting businesses that cater specifically to refugees' own needs.
- If grants or in-kind support are provided, ensuring that equivalent business development services are extended to eligible host community members.
- Focusing on activities that meet internal camp needs or wider regional demand without saturating local markets.

#### Education and training for hosts and refugees

The current education programmes offered by some NGOs should be expanded to include vocational education and training to transform the idle Rohingya population into a productive workforce. Training in various fields, such as mobile phone repair, electrical work, computer skills, web design and freelancing, would be highly beneficial for young Rohingya living in the camps and young people from host community. Additionally, language training may be introduced in the refugee camp.

Many Rohingya youths are already engaged in freelancing, and strengthening these educational

facilities to reach more young people would bring significant benefits to the refugee communities.

### Managing push and pull factors while enabling camp-based livelihoods

A key concern for the GoB is that income-generating activities (IGA) in the camps could create pull factors that encourage additional cross-border movements from Myanmar. We are already aware that the large Rohingya population places significant pressure on local resources and the environment. Furthermore, the push factors in Myanmar, such as the ongoing civil war, extreme violence and denial of rights, currently far outweigh any potential pull factors in Bangladesh. Prohibiting all income generation risks idleness, despair, greater aid dependency and heightened exposure to criminality, exploitation and radicalization within the camps. It also leaves refugees less prepared for eventual, voluntary, safe and dignified repatriation.

That said, the GoB can introduce measures that minimize pull effects while enabling IGAs in the camps. A multi-faceted approach can address government concerns. Possible options include:

- Limit eligibility for IGAs to refugees with verified biometric IDs who registered before a clear, government-set cutoff date; periodically revalidate to exclude new, unregistered arrivals; and maintain auditable rosters. Later arrivals would be ineligible to participate in IGA programmes.
- Prioritize camp-based services and public goods.
- Provide emphasis on activities that meet internal camp needs or wider regional demand without saturating local micro-markets.
- Keep activities inside the camps, aligned with

the encampment policy; avoid issuing outside work permits through IGA programmes.

- Prefer closed-loop e-vouchers redeemable at approved in-camp vendors; avoid large unrestricted cash or high-value individual assets.
- Work with UNHCR and IOM to create an official policy about how refugees can earn a living. A clear policy helps avoid ad hoc decisions, sets expectations and makes it easier to put plans into action. At the same time, put resources into formal border monitoring and control to make border management stronger.

### Conclusion

Our recommended approach offers a practical, context-sensitive solution that acknowledges current realities. Crucially, this kind of approach is gaining traction internationally, as evidenced by the United Nations high-level conference on the situation of Rohingya Muslims and other minorities in Myanmar, held on 30 September 2025, at which the US representative pledged more than \$60 million for livelihood opportunities in Bangladesh (United States Mission to the United Nations, 2025) – signalling an emerging consensus that supporting Rohingya refugees' self-reliance is a critical interim measure even as durable solutions remain elusive. For Bangladesh, adhering exclusively to a repatriation-focused policy without a viable contingency or interim plan poses significant strategic risk. Introducing *de facto* integration through regulated economic activities provides a responsible and pragmatic middle ground. ■

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