Sustainable Livelihoods for Displaced Populations

Thomas Ginn

Center for Global Development

Outline

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Policy

- Refugee Work Rights Report
- Literature Review on Labor Market Access
- Window for Host Communities and Refugees Report

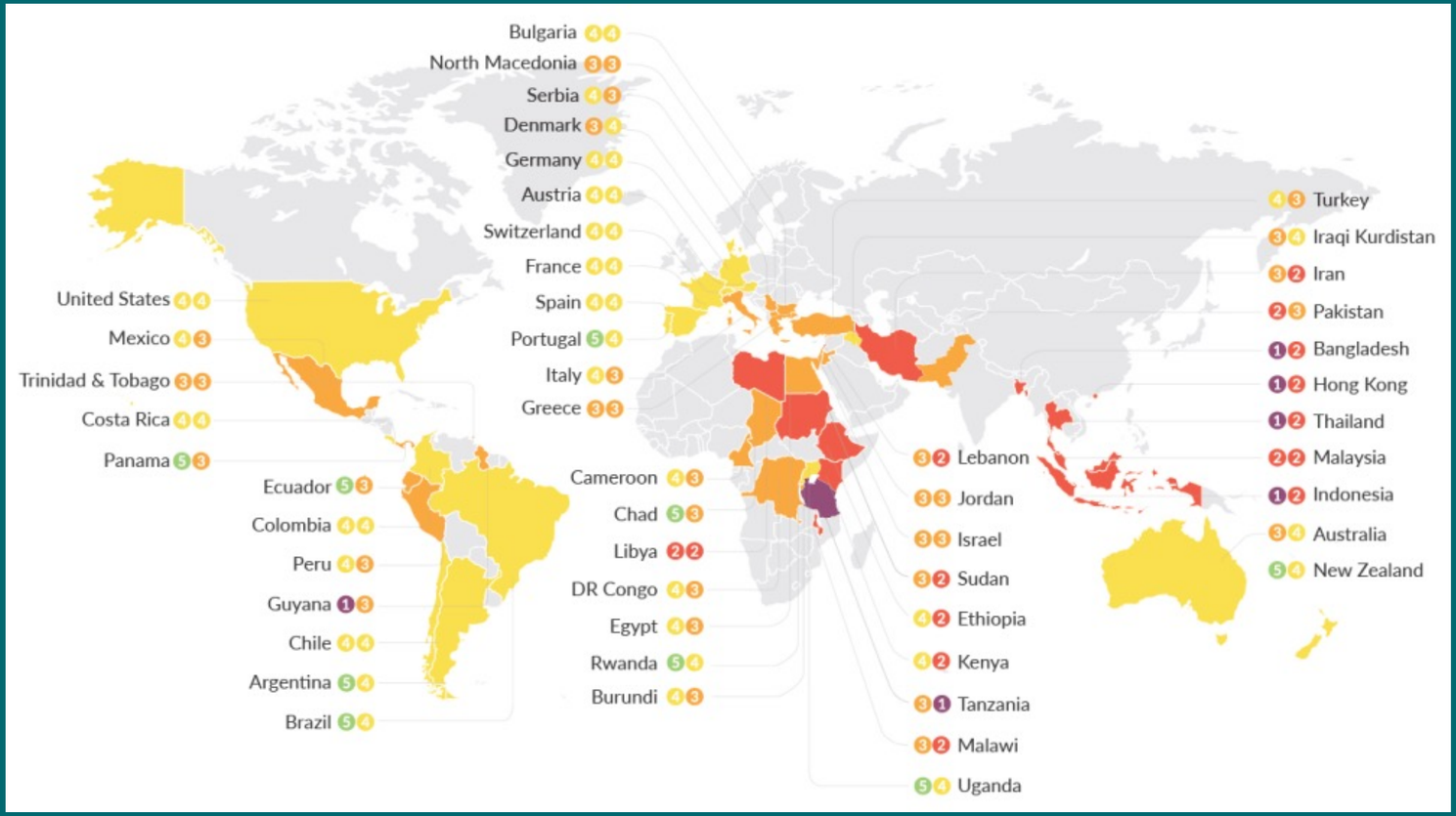
Practice

- Evidence Review
- Randomized Trials in Kampala

Key Ingredient: Labor Market Access

At least 55% of refugees live in a country that significantly restricts their right to work in practice (Ginn et al 2022)

Refugeeworkrights.org



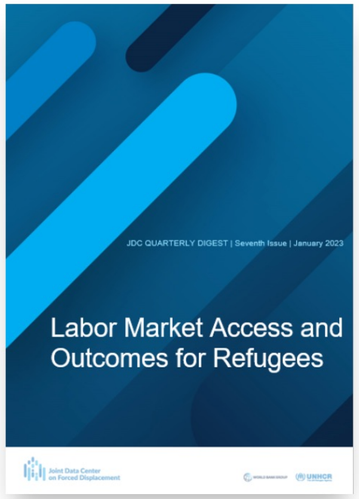
How Do Work Rights Affect Refugees?

- In Colombia, refugees who were offered PEP regularization:
  - Increased consumption (60%), income (31%), business formalization (10%)
  - Especially for men, more educated, and in main cities (Ibáñez et al, 2022)
- In Jordan, refugees with work permits increased income and food security, while reducing child labor (Peitz et al, 2023)
- In Germany, shortening the work ban on asylum seekers increased employment rates by 20 percentage points (Marbach et al, 2018)

How Do Work Rights Affect Hosts?

- Distinct question from hosting refugees on average
- In Colombia, doubling the proportion of PEP holders in a department reduces formal employment of Colombians by 0.1 percentage points, from an average of 65 percent
  - More negative for highly-educated workers and women (Bahar et. al. 2021)
- In Germany, shortening the work ban saved the government 40 million Euro per year in social assistance (Marbach et al 2018)
- On average across LMICs, effects on hosts are no different in countries with and without work rights (Aksoy et al, 2023)

More Evidence on Work Rights



Labor Market Access and Outcomes for Refugees

Refugees' right to work is protected by international law but often violated in practice. This Digest discusses the barriers that host governments impose on refugees' labor market access and reviews the academic research on the effects of these policies and practices have on refugees and host communities. As expected, barriers like employment bans significantly harm refugees' living conditions in most contexts where research is available. However, the evidence also suggests that most segments of the host communities benefit little and may in fact be harmed by restrictions on refugees' work.

Read the full report

- Overall, the evidence suggests a large effect on refugees and a minimal effect on most hosts
- For a deeper dive, see the January 2023 digest from the Joint Data Center

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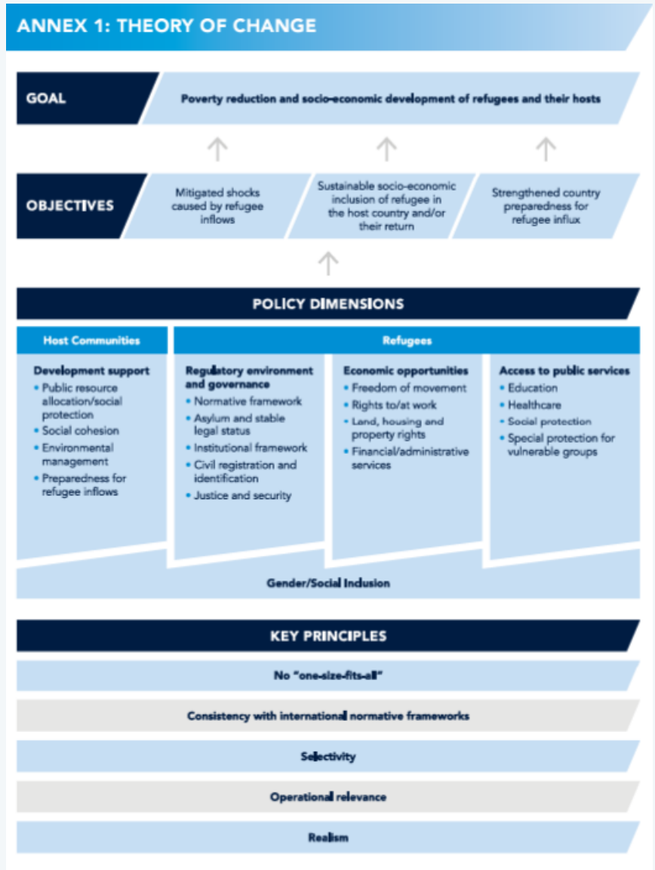
The World Bank’s Window for Host Communities and Refugees (WHR)

What it is

- Aim: “support countries that host significant refugee populations to create medium- to long-term development opportunities for both the refugees and their host communities”
- In seven years (2017-2024), committed US$5.49 billion to 19 countries
  - Host ~9.4 million refugees, & approximately 75% have been displaced for five years or longer
- 99 projects have or are about to receive WHR funds e.g.,
  - Providing work permits and job opportunities for refugees in Ethiopia (US$167 million)
  - Improving refugee-serving infrastructure in Bangladesh (US$137 million)
  - Upgrading slums and refugee villages in Djibouti (US$25 million)

What it’s trying to achieve

- Explicit policy commitment: at least 60% of eligible countries implement significant policy reforms
- Identified through Refugee Policy Review Framework
- Projects can:
  - Be conditional on policy reform (e.g., payment-for-results in Ethiopia)
  - Include policy reform as an indicator, but not a binding constraint
  - Not include policy reform at all



Comparing the WHR

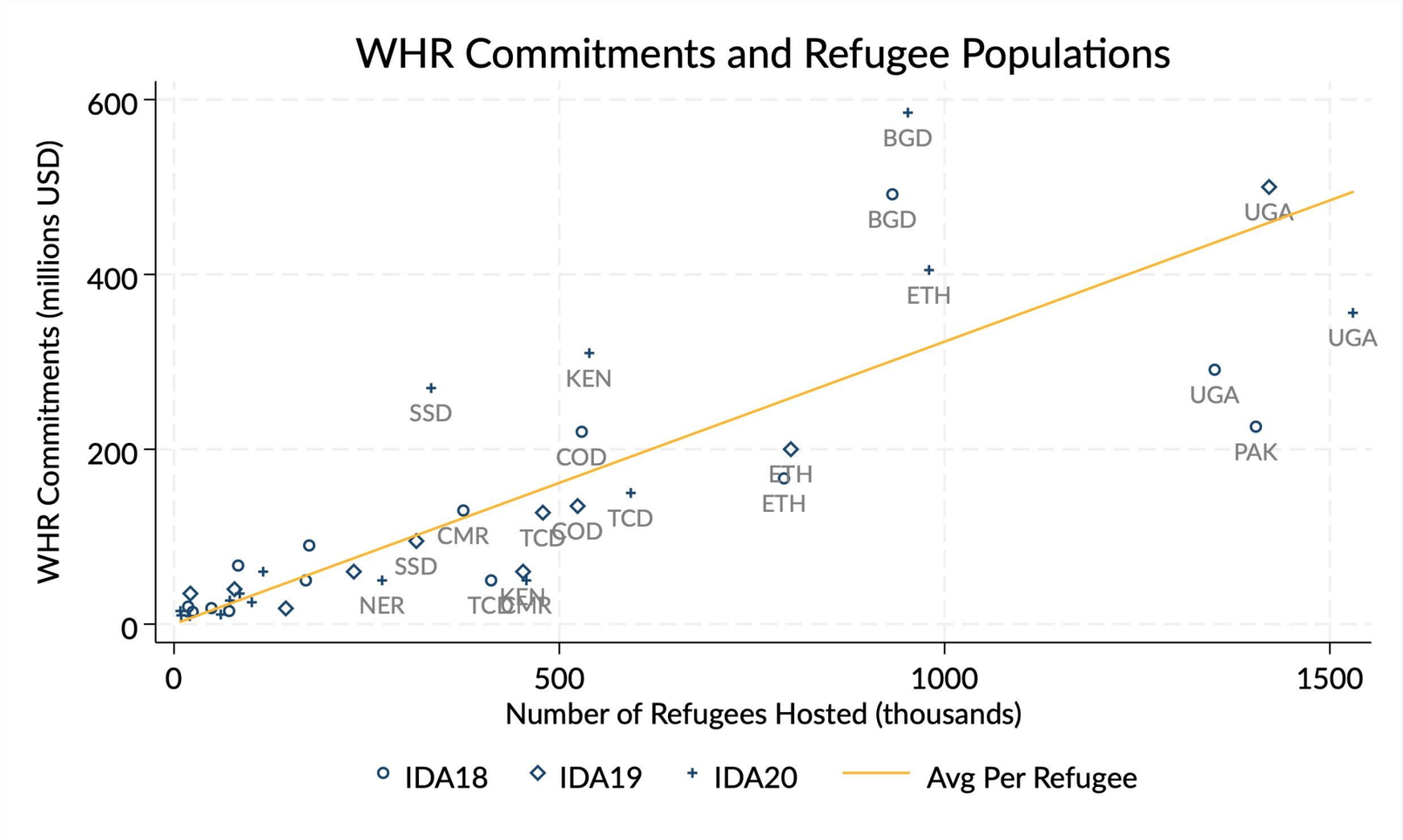
	World Bank	Humanitarian
Programming	Medium-term focus on development	Short-term focus on basic needs
Funding Cycles	Medium-term	Short-term
Implementation	National governments (and often national systems like education)	Direct
Domestic Policy Influence	Some funds are conditional on policy changes	Funds are neutral and not tied to policies
Institutional Focus on Refugees	Minimal	High
Institutional History with Refugees	The WHR launched in 2018	Some INGOs were founded in the 1940s, and UNHCR was founded in 1951.

In comparison to other WB projects, governments often not interested in project's goals

How money is allocated

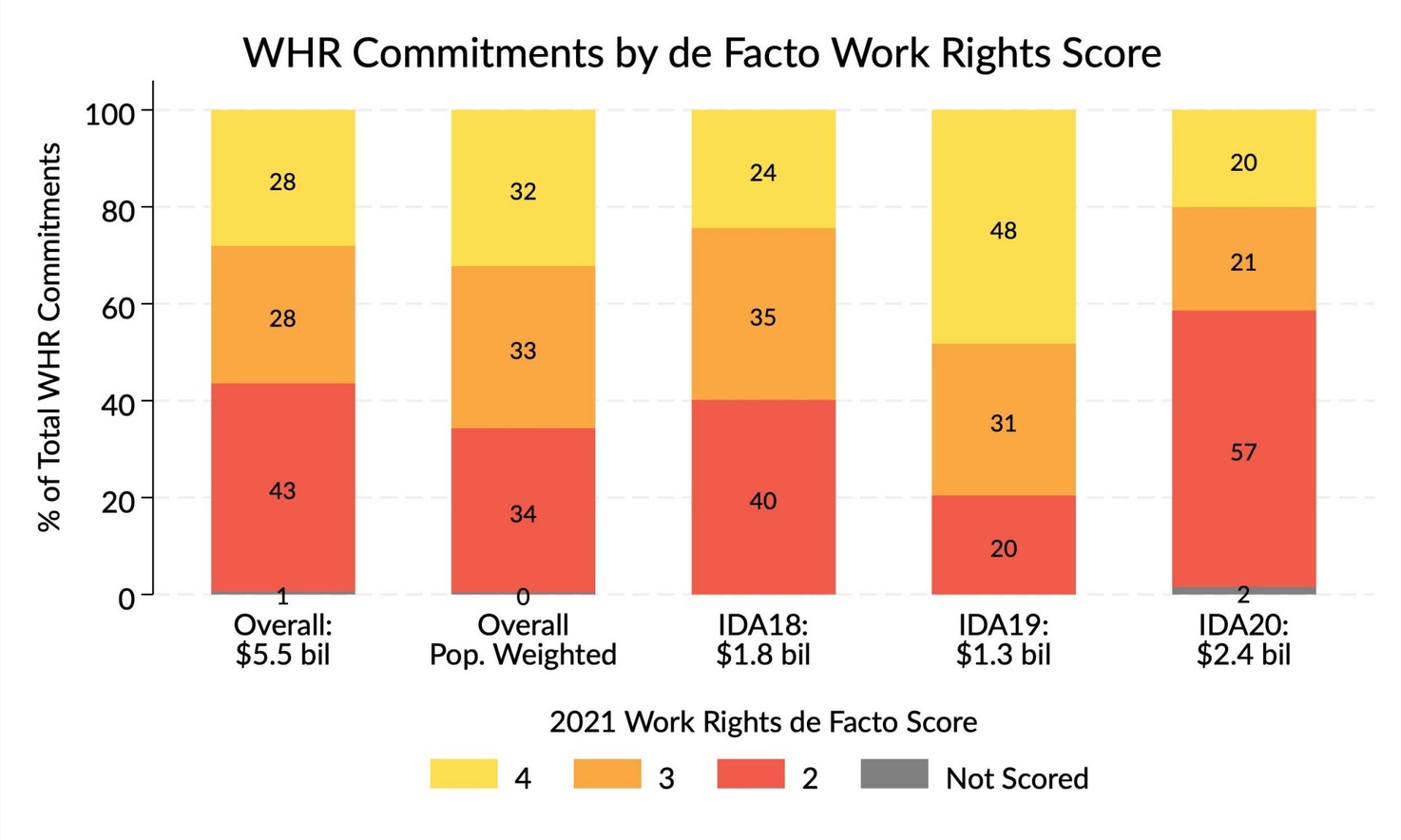
Three eligibility criteria

1. Host at least 25,000 refugees or 0.1% of population;
2. Have an adequate refugee protection framework; and
3. Create a strategy note to identify government priorities



How money is allocated

- *2022 Global Refugee Work Rights Report*
  - https://refugeeworkrights.org/
- **Q:** Should WHR financing be rewarding well-performing countries or incentivizing underperforming ones?



Recommendations to WBG

1. *Keep the WHR*
2. *Prioritize Policy Engagement*
3. *Improve Collaboration with External Actors*
4. *Hire more, interested Staff*
5. *Centrally Allocate Some of the Funds*
6. *Require more oversight on project development and selection*
7. *Improve the link between disbursements and refugee outcomes*
8. *Communicate better about the WHR*

Livelihoods Programming in LMICs

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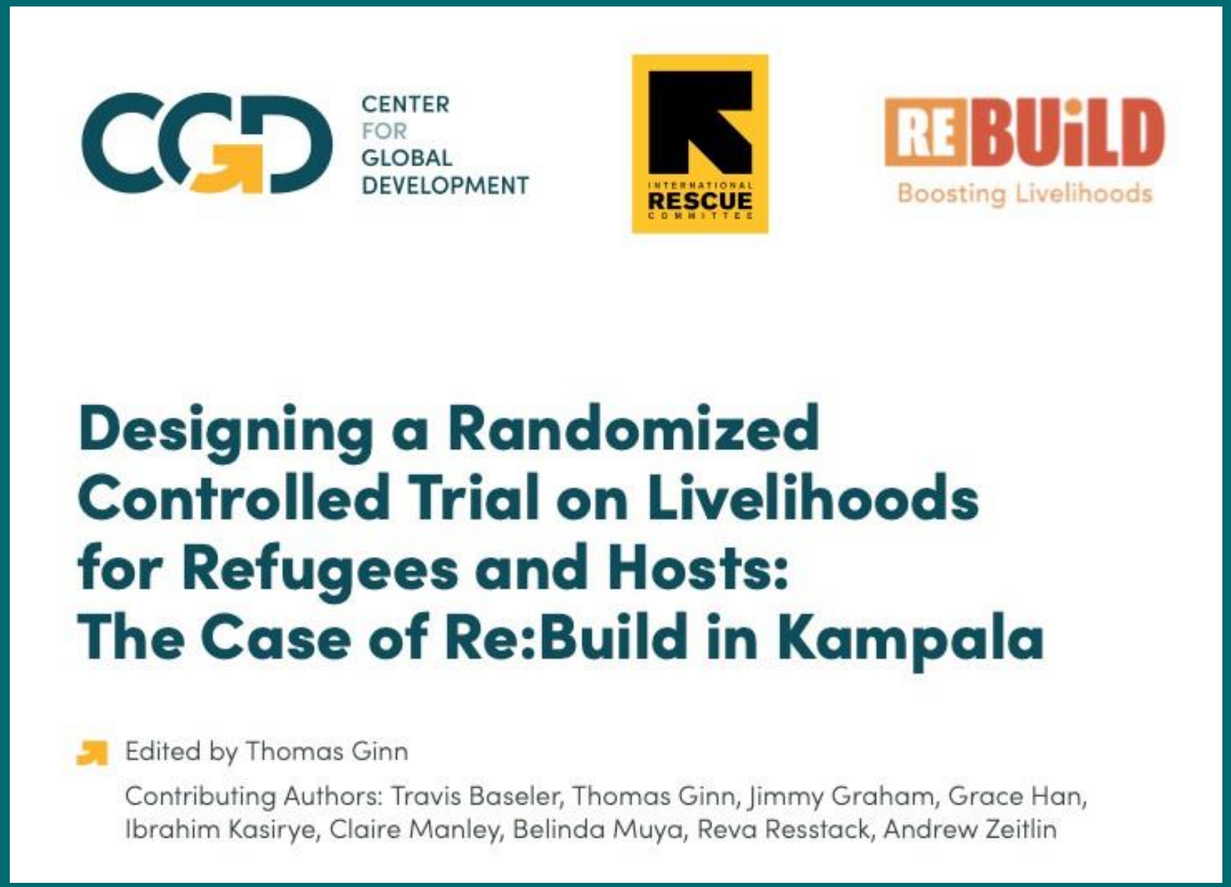
- Many randomized controlled trials on programs intended to improve wage employment and self-employment outcomes
- The vast majority have been with non-displaced populations
  - Benrey and Kenny (2023): only 10 rigorous evaluations of livelihoods programs with displaced populations
- Key question: how applicable are findings to displaced populations?
  - Face different constraints that could imply higher or lower effects: institutional barriers, location-specific knowledge, discrimination, social networks, etc.

Traditional, Standalone Interventions



- Wage Employment
  - Vocational Training
  - Apprenticeships
  - Job search assistance
- Self-Employment
  - Cash Transfers
  - Business training
  - Networking and Mentorship

Wage Employment: McKenzie (2017)

- Vocational Training:
  - Modest positive effects from 12 studies in LMICs: avg increase in employment of 2.3 pp, similar to other types of education, but 50 months to break even
- Apprenticeships and Wage Subsidies: "unlikely to be very effective"
  - However, Ugandan employers matched to refugees for one-week internship have more refugee employees after 8 months (Loiacono and Silva-Vargas, 2024)
- Job Search: 1 in 10 studies had a significant impact
  - However, 92 USD in cash to Syrian refugees increased employment, no effect for Jordanians (Caria et al 2021)

Self-Employment

- Cash (Lump Sums to Entrepreneurs)
  - Baird et al (2018): five studies with positive effects on business profits, but less promising evidence for women
  - Gupta et al (2024): increased business revenue from 1,000 USD transfers to refugees in rural Uganda
  - Baseler et al (forthcoming): large, persistent, similar effects among refugees and hosts, men and women in Kampala from 520 USD transfer
- Microfinance: Jayachandran (2021) finds small average effects
- Business Training: McKenzie (2023) finds 12% avg increase in profits across 16 studies, with wide variation in program costs
- Networking: Suggestive positive effects (Fafchamps and Quinn, 2018; Cai and Sziedl, 2018; Brooks et al, 2018)

Other Approaches

- Graduation Model
  - Generally positive effects, no clear story between refugees and hosts (Uganda: Brune et al, 2022; Mozambique: Beltramo et al, 2024)
- Soft Skills
  - Positive Imagery after trauma: Colombia & Ethiopia (Ashraf et al, 2024)
- Skills Certifications
- Business formalization
- Financial inclusion

Next Steps

- Mobility (i.e. Planning for Productive Migration)
- Large-scale social cohesion or information campaigns that measure the effects on refugees
  - At location-level, or among employers, loan officers, landlords, etc.
- Not just testing programs among refugee and host populations, but their interactions, specific constraints, etc.
- Delivery and cost effectiveness: refugee-led organizations compared to INGOs and multilaterals

Mentorship for Microentrepreneurs: Evidence from Hosts and Refugees in Uganda

Travis Baseler
University of Rochester

Thomas Ginn
Center for Global Development

Ibrahim Kasirye
Economic Policy Research Centre

Belinda Muya
International Rescue Committee

Andrew Zeitlin
Georgetown University

October 2024

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INTERNATIONAL RESCUE COMMITTEE

REBUILD Boosting Livelihoods

Motivation

- Microentrepreneurship is common but yields low profit for many
- Constraints include both financial and managerial capital
  - Cash interventions often have positive effects, but lower for women
  - Training interventions are often expensive
  - Little evidence on how returns among refugees and hosts compare
- Mentorship by a more experienced business owner could target:
  - Business practices, networks, encouragement
  - Knowledge exchange, especially across demographics that have fewer business connections—hosts and refugees, or men and women—where returns to cooperation may also be higher

"ReBuild" Randomized Trial in Kampala, Uganda

- Sample of Ugandans ("hosts") & refugees, men & women
  - Main: 2,000 inexperienced & prospective entrepreneurs (age 18-35)
  - Mentors: 600 entrepreneurs with 4+ years of experience (age 25+)
- Cash Grants: 540 USD
- Mentorship: 3 mentees & 1 mentor, meet weekly for 6 mos
  - Vary gender and nationality composition
  - Vary individual- and group-level incentives
- Measuring economic and social outcomes at baseline, 3, 6, 9, & 12 months
- Preliminary results: large positive effects of cash, null average effects of mentorship

Setup

Background

- Uganda is one of the most progressive refugee-hosting countries globally, with the right to work and freedom of movement
  - 150,000 refugees live in the capital city, Kampala
- 70% of the main sample have businesses at baseline, slightly higher among Ugandans and women
- Profits similar for Ugandans and refugees (28 USD per month)
  - 45% of household earnings
  - Higher for men (34) than women (22)
  - Significantly higher for mentors (59)

Baseline Networks: List 3 Closest Business Contacts

Table: Contacts You Would Ask for Advice or Partner With

	Ugandan Men	Ugandan Women	Refugee Men	Refugee Women
Num. Listed	2.1	1.9	1.4	1.2
Listed No Contacts (%)	15	18	37	44
Listed Ug Male (%)	74	40	17	4
Listed Ug Female (%)	36	69	5	12
Listed Ref Male (%)	7	4	46	21
Listed Ref Female (%)	2	6	24	41
Observations	499	499	499	500

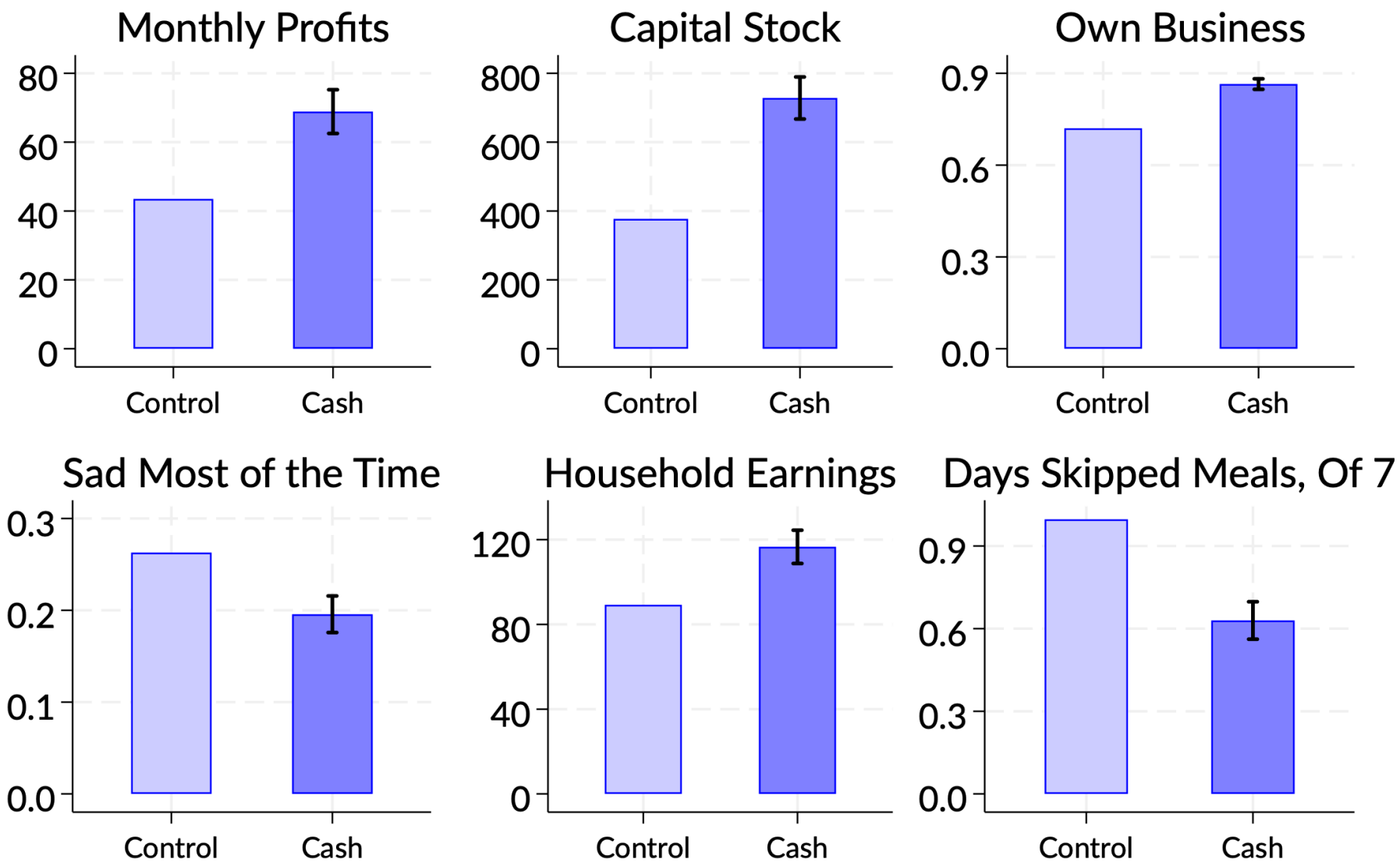
- Ugandan men list the most business contacts
- Minimal cross-nationality or cross-gender discussion
- Could be valuable, i.e. sharing techniques or suppliers, but needs intervention

Treatments and Research Design

- Mentorship: 3 mentees & 1 mentor, meet weekly for 6 mos.
  - Cash grant: 540 USD after six weeks plus 50 USD transport
  - Group (and mentor) composition:
    - Same nationality and gender
    - Mixed nationalities (2 Ugandans + 2 other) & same gender
    - Mixed genders & same nationality
  - Videos & handbooks with curriculum and discussion questions
  - Monthly mentor meetings facilitated by the IRC
  - Lottery:
    - Individual-level: clients with businesses; 3 rounds of 20 USD
    - Group-level: for each person in your group who wins, you also win
    - Equalized expected payouts with unannounced grant
- Cash grant + individual-level lottery only: 22% of sample
- Control: Cash at a later date, 18% of sample

Economic Outcomes

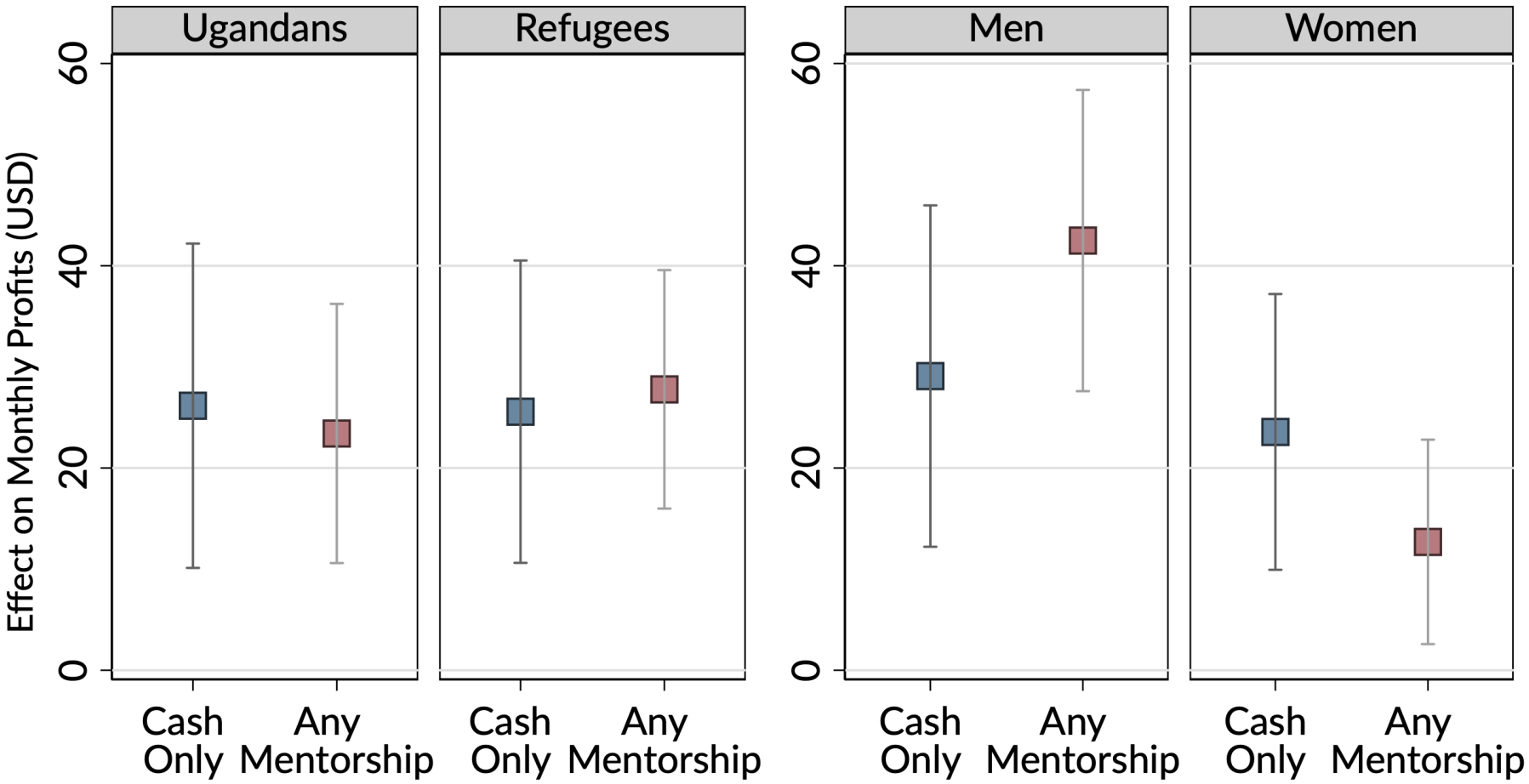
Large, Persistent Impacts of Cash on All Groups



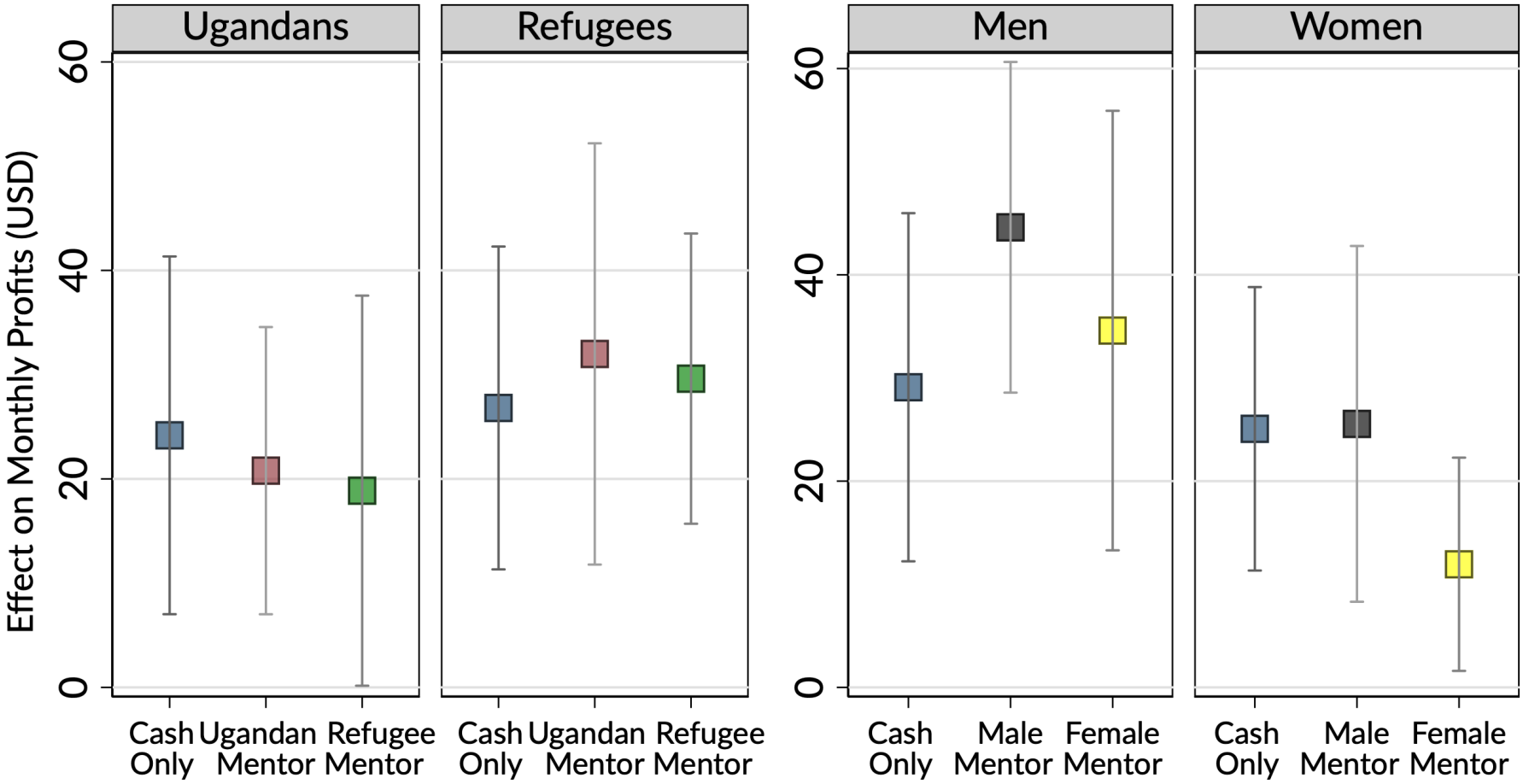
- Profit effects persist for men, household well-being effects for all

Mentorship Reduced Profits for Women Relative to Cash

- Report attending 2.8 (1.1) meetings per month and 10.9 (6.6) additional contacts with group members through (after) 6 months

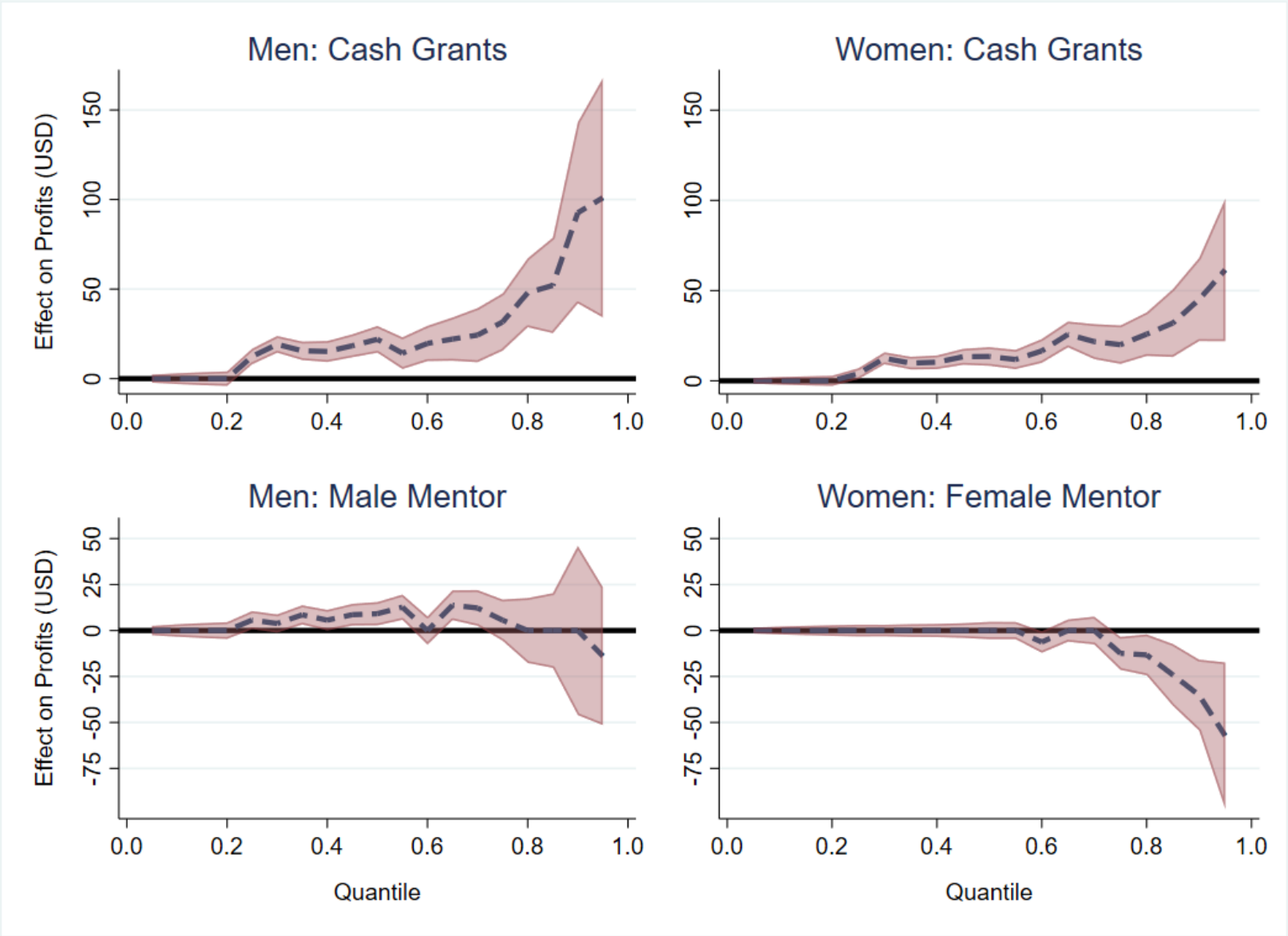


Negative Effects of Mentorship Driven by Female Mentors

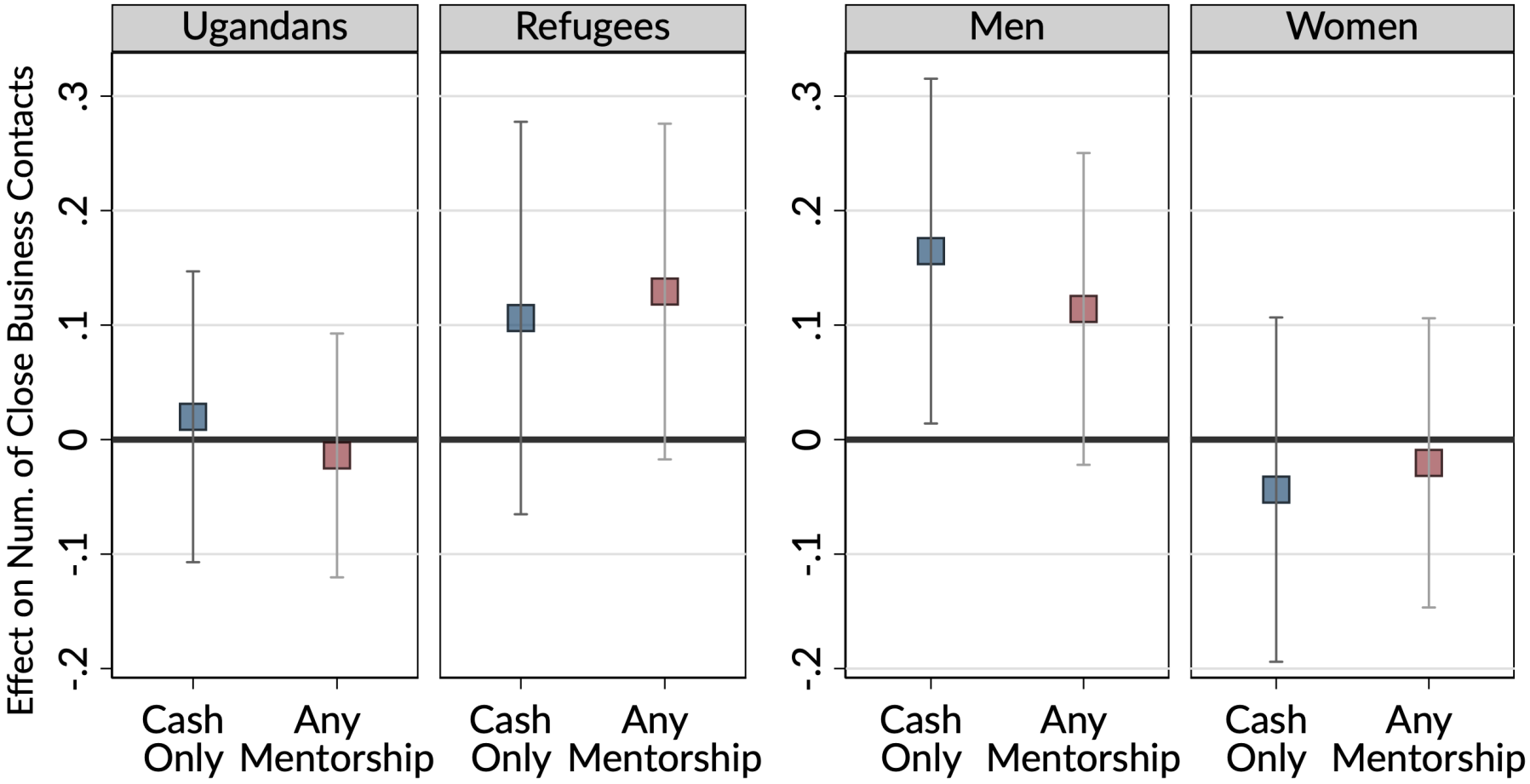


- Similar effects for household well-being index

Strongest Effects Among the Large Businesses



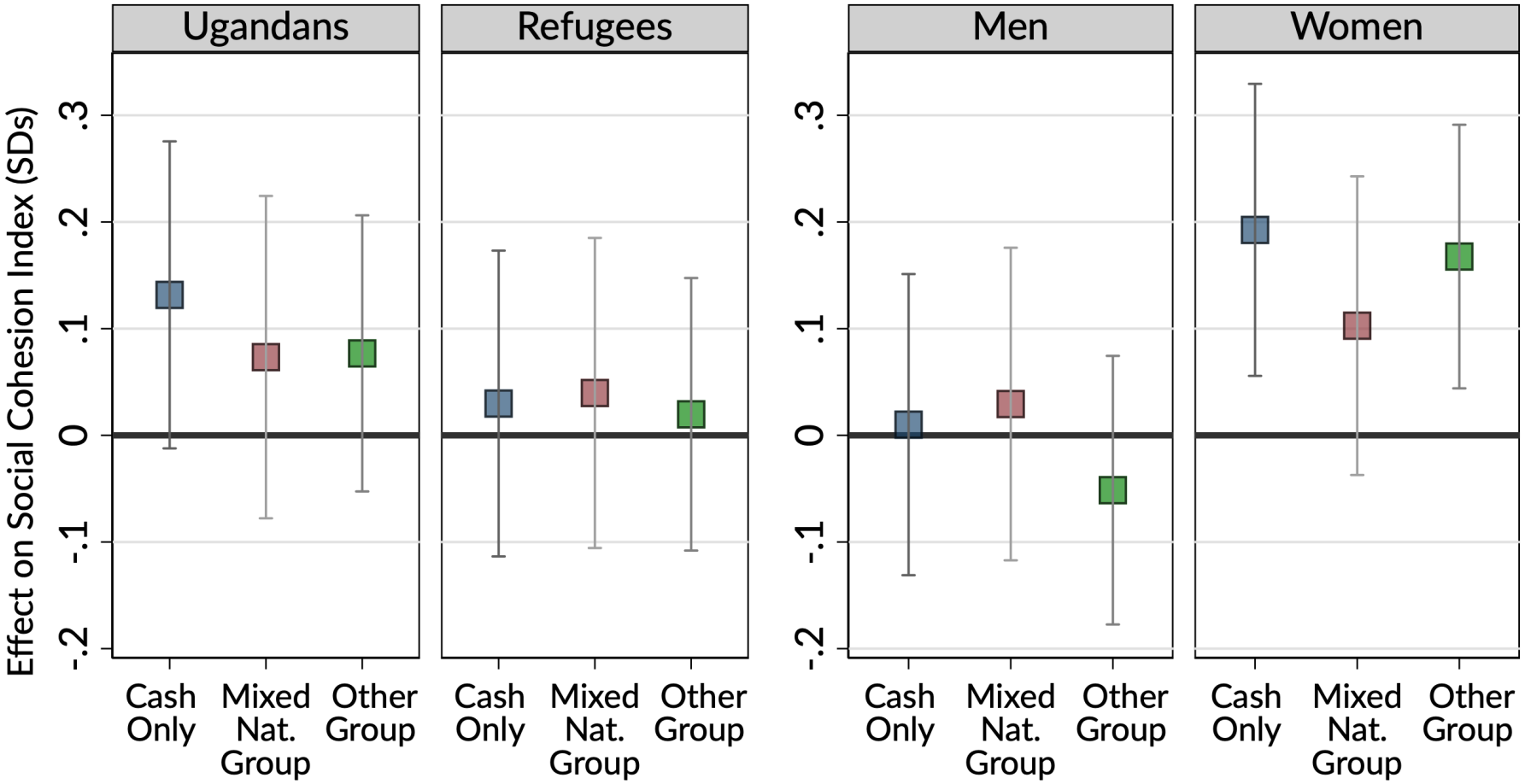
Men Expand Networks with Cash (Not Mentorship)



- Most expansion within nationality

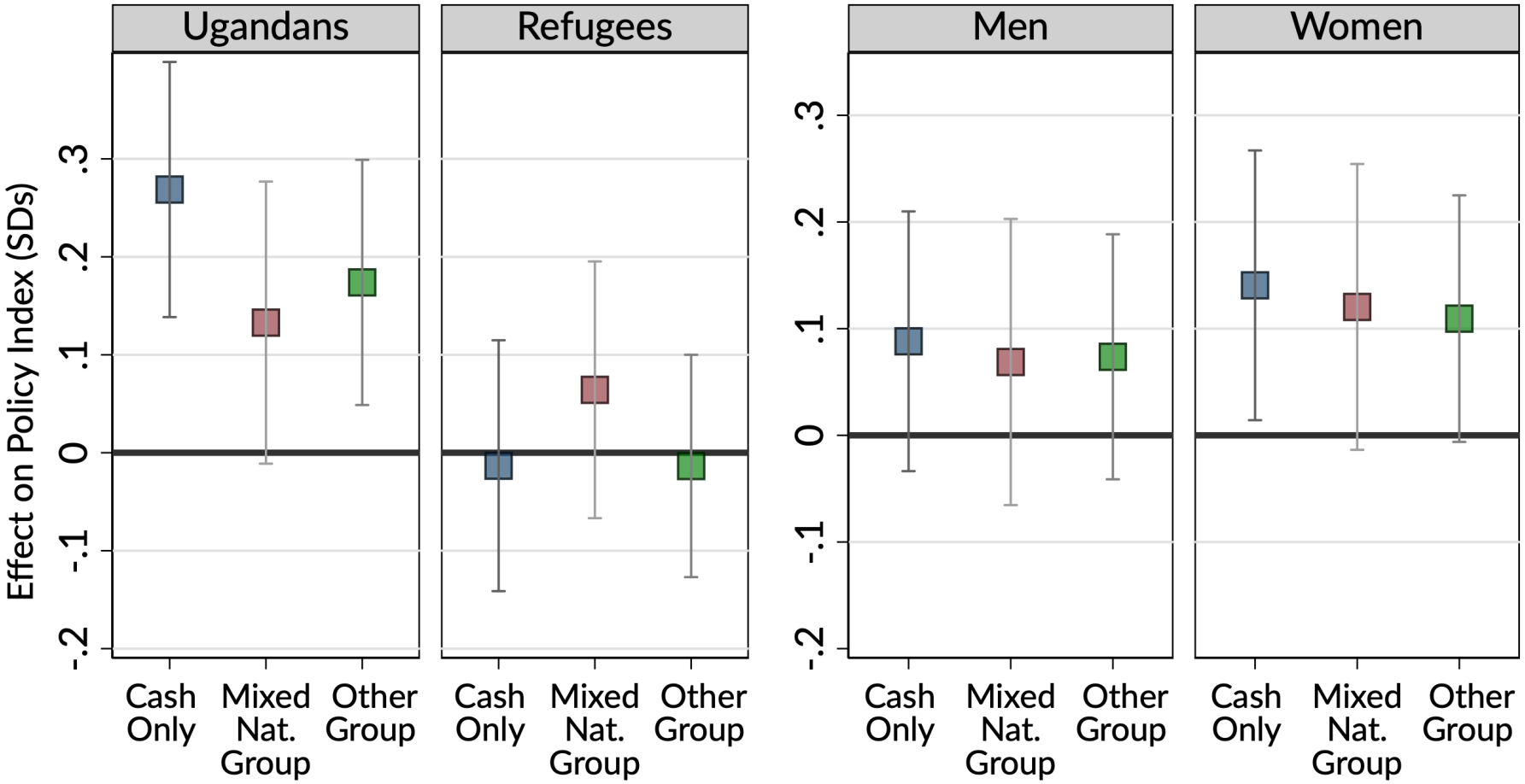
Social Outcomes

Cash Affects Social Cohesion; Mixed Nat. Groups Don't



- I.e. ok as neighbors, family members, trust game, donation

Cash Affects Policy Views; Mixed Nat. Groups Don't



- I.e. right to work, freedom of movement, accept more refugees

Messaging highlights the benefits of hosting refugees

Handbooks and Video at ReBuild Launch Event:

> *The IRC started the ReBuild program because refugees live here in Kampala, and we want both refugees and Ugandans who live in Kampala to benefit. Refugees and Ugandans are participating in this program. ... In Uganda, more than 30% of foreign donations for refugees go to supporting Ugandans.*

- Our previous work (Baseler et al., 2024) shows this labeling has large, persistent effects on attitudes, compared to cash alone
- Replicated across:
  - Refugee-led organizations and international NGOs
  - Large (135 and 540 USD) and small (8 USD) grants
  - Uganda and Kenya
  - Urban and rural settings
  - Large and small refugee populations
  - In-person and video delivery

Summary

- Large, positive effects of cash grants on business, household, and social cohesion outcomes for 12+ months
  - Similar effects for Ugandans and refugees: more studies needed to generalize from development literature
- Marginally positive economic effects of mentorship among men, marginally negative among women
  - Effect for women concentrated among upper quartile
  - No evidence for substitution to other economic activities, effect on sector choices, or taxation by mentors
  - Cost an additional 350 USD per client to deliver
- No evidence that intergroup contact had additional social effects beyond the labeled cash grants

Thank You!