EMPLOYMENT POLICY NOTE

USING SOCIOECONOMIC DATA TO PROMOTE SOLUTIONS FOR REFUGEES IN UGANDAN SETTLEMENTS

UNHCR Division of Resilience and Solutions, Uganda Country team, and Regional Bureau

4 February 2021

UNHCR
The UN Refugee Agency

Study uses data from UBOS/World Bank Uganda Refugee and Host Communities 2018 Household survey (RHCS)

- This policy brief uses cross-sectional household data from the Uganda Refugee and Host Communities 2018 Household Survey (RHCS)
- A sample 2,209 residential households, distributed geographically across 13 districts in the primary hosting regions.
- The survey is representative of the refugee and host community populations of Uganda at the national level, as well as in the regions of West Nile and South West, and the city of Kampala.
- It is one of the first representative, comparable surveys to include robust poverty and welfare figures.

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2. Labour market indicators and data
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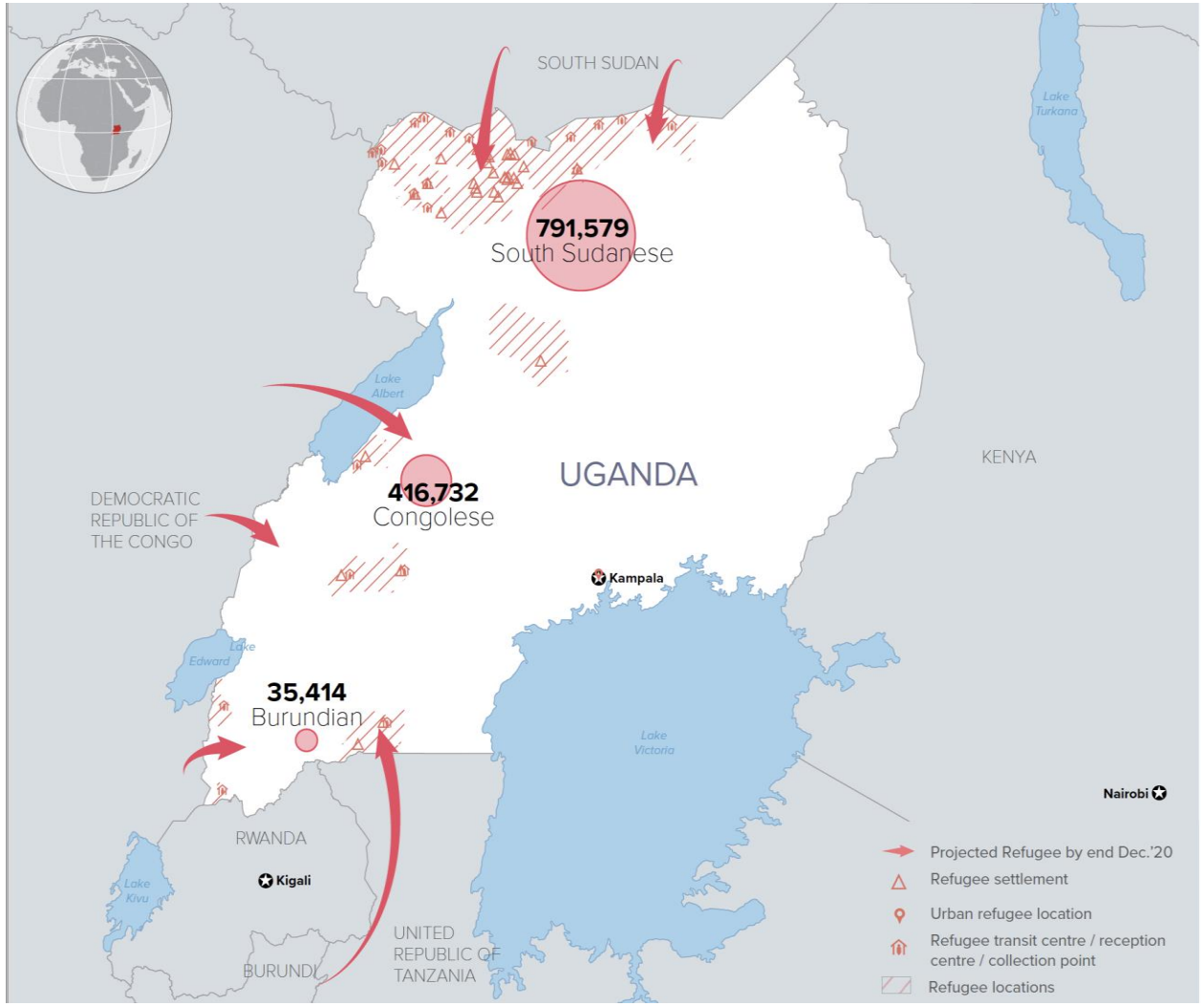
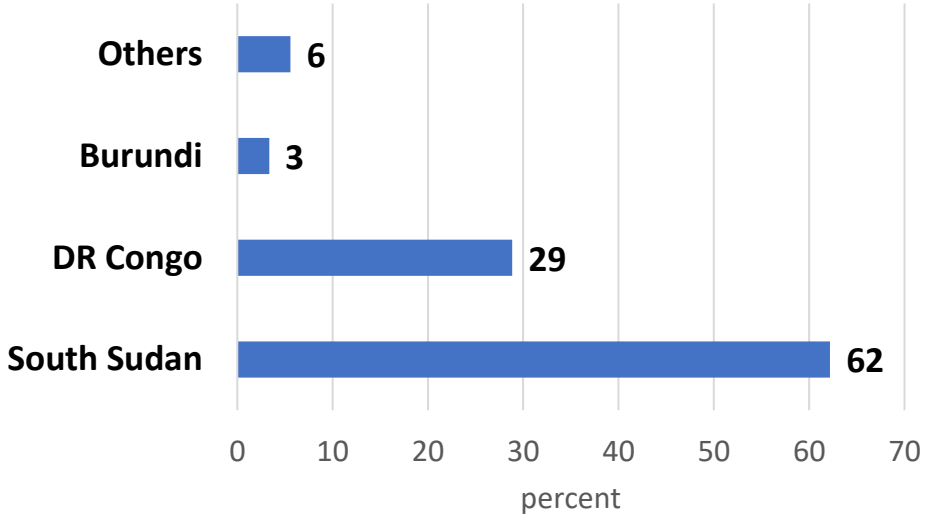
4. Explanations of these “refugee gaps”
5. Profiling of unemployed
6. Conclusion and recommendations

Uganda is largest African host of refugees and third-largest globally



- Uganda hosts 1,394,678 refugees and has a generous refugee policy. The country maintains an open-door policy to displaced persons, while providing plots of land for farming and the construction of housing. (**access to land, right to work**)

Figure: Refugee and Asylum Seekers, by Country of Origin (%)



Despite the favourable legal environment, jobs are scarce, particularly for youths, and most jobs are in agriculture

- Despite reductions in poverty in recent decades, challenges remain: for every 3 Ugandans who escape poverty, 2 return below the poverty line.

- Labour force participation significantly dropped following the slowdown in economic growth that started in 2011. For every 1% increase in GDP, employment increases by only 0.6%.

- The country's population reached 38.8 million in 2018, growing at a rate of around 3% and having the second highest proportion of youth in the world – some 55% of the total national population.

- To keep pace with new labour market entrants, 600,000 new jobs per year are required before 2030 and 1 million per year by 2040.

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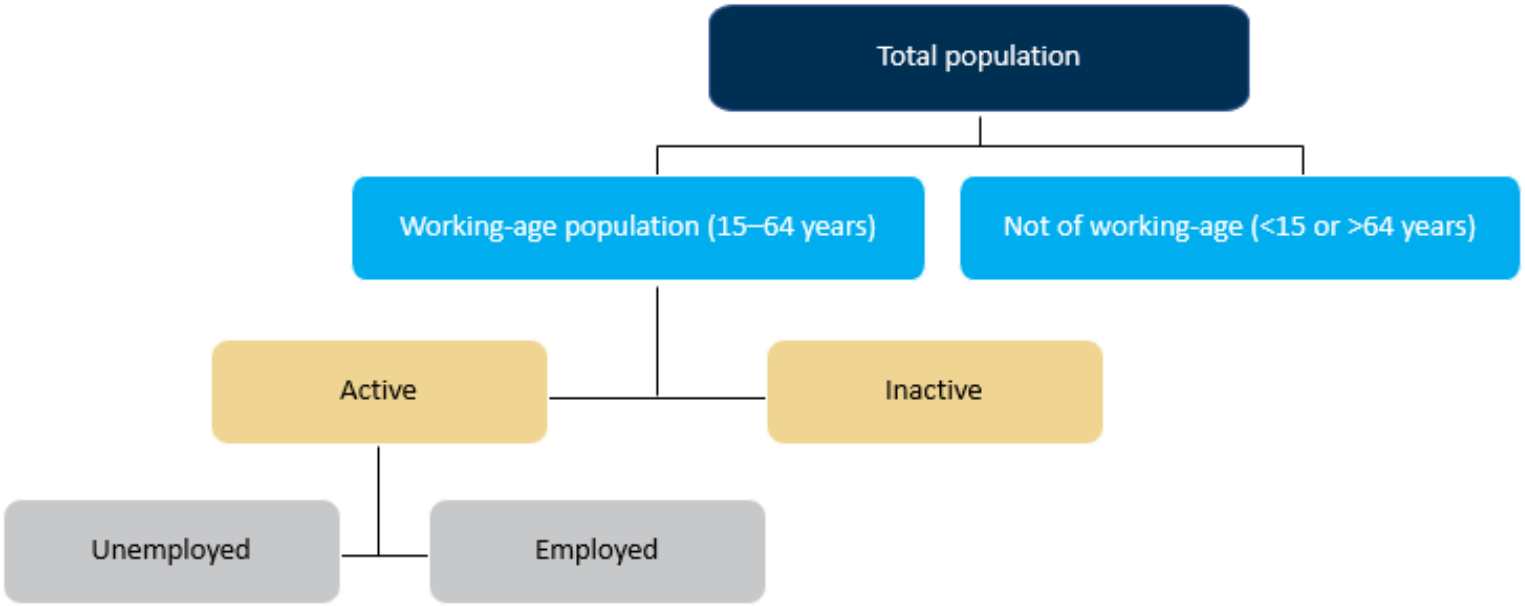
Based on the standard UN/ILO labour force framework, three labour market indicators are considered



Employment rate: Share of working-age population in employment or self-employment

Employment Rate = $\frac{Employed}{Work\ age\ population}$

Labor force participation rate (LFPR): the share of individuals from the total working age population who are either employed or unemployed.

LFPR = $\frac{Employed+Unemployed}{Work\ age\ population}$

Unemployment rate (UER): the share of individuals from the total labour force (either employed or job hunting) who are jobseekers.

UER = $\frac{Unemployed}{Employed+Unemployed}$

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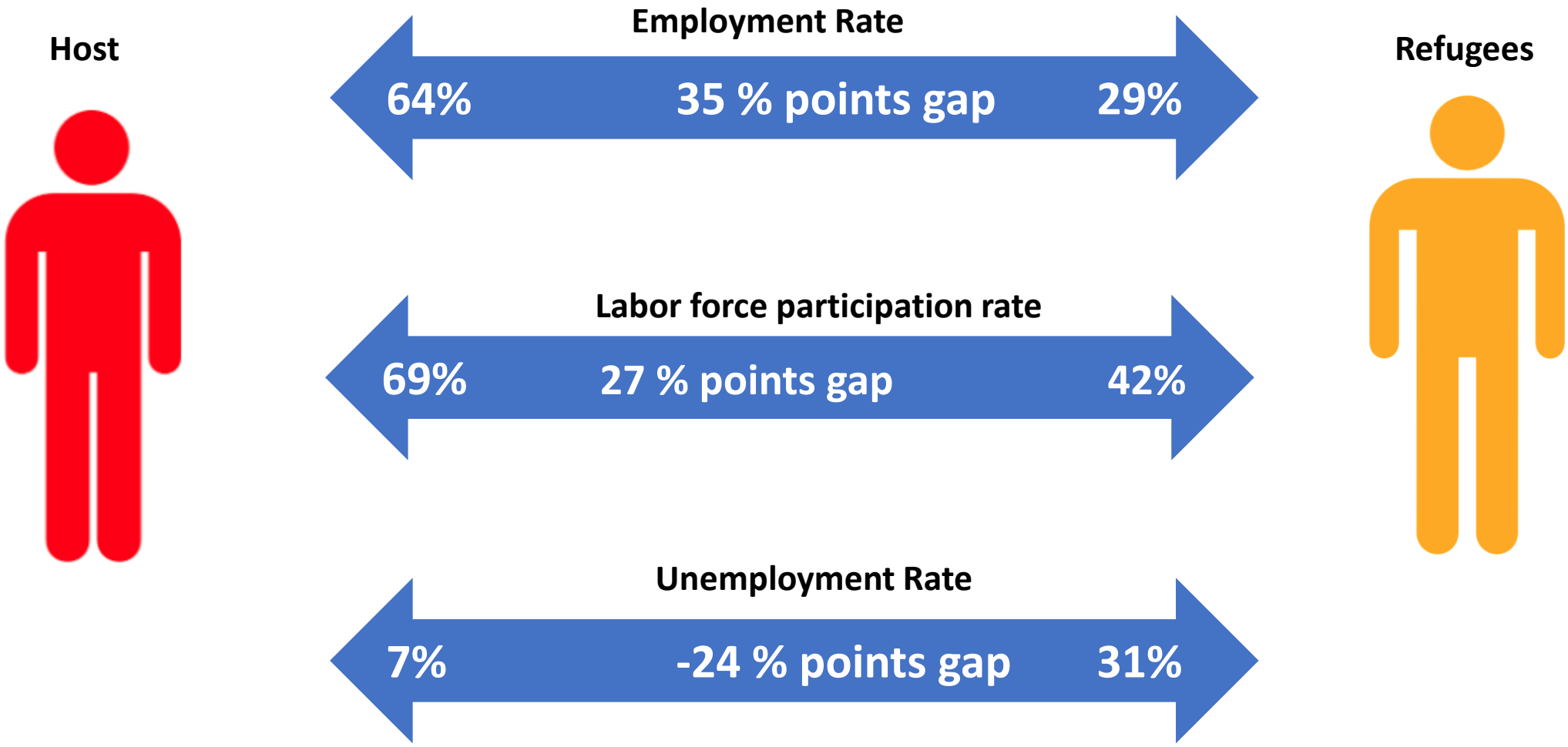
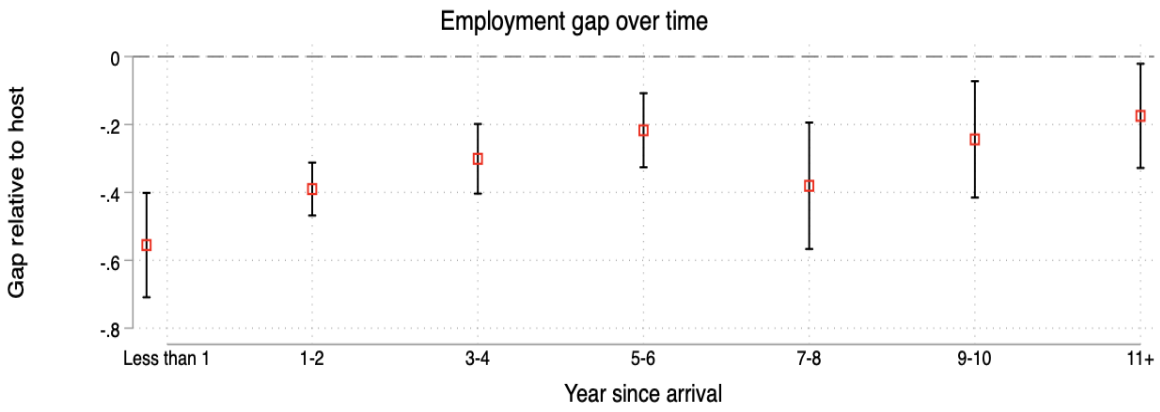
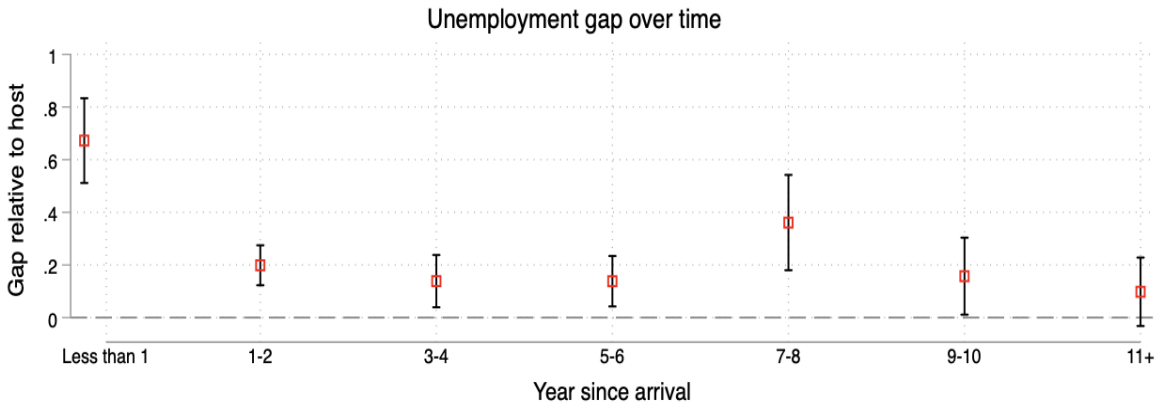
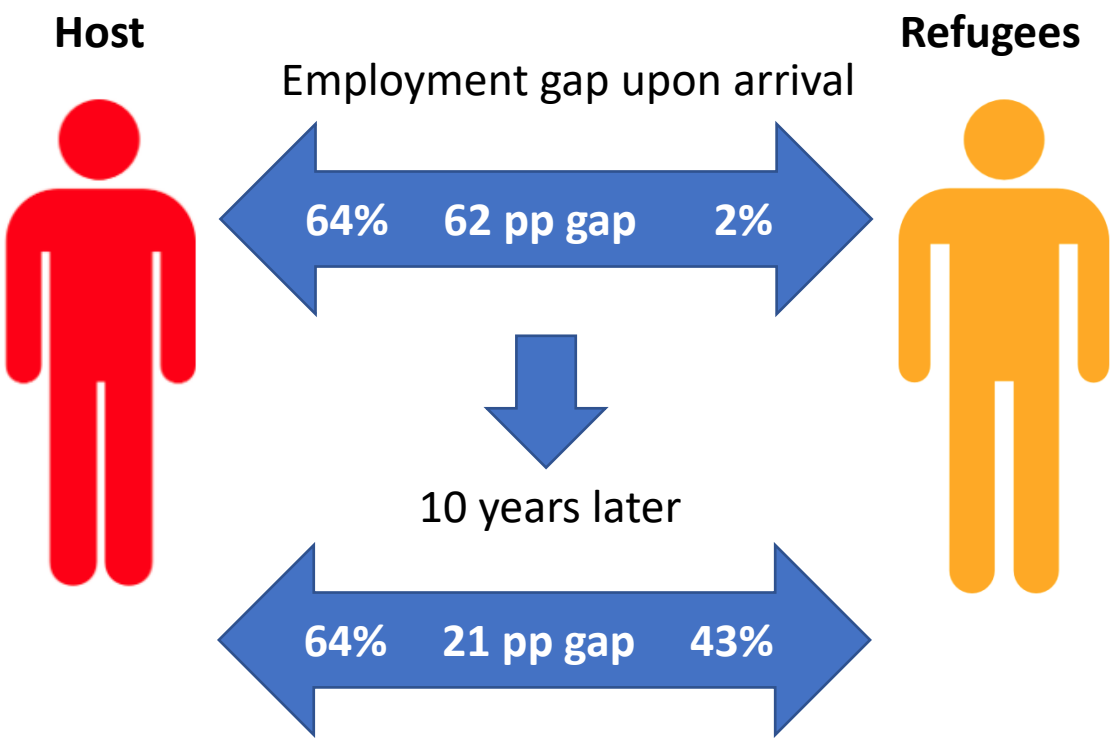
Labour market outcomes for refugees are consistently worse than those for host community members (even pre-COVID)



Recently arrived refugees face challenges entering the labour market – yet gaps with nationals persist even after 10 years

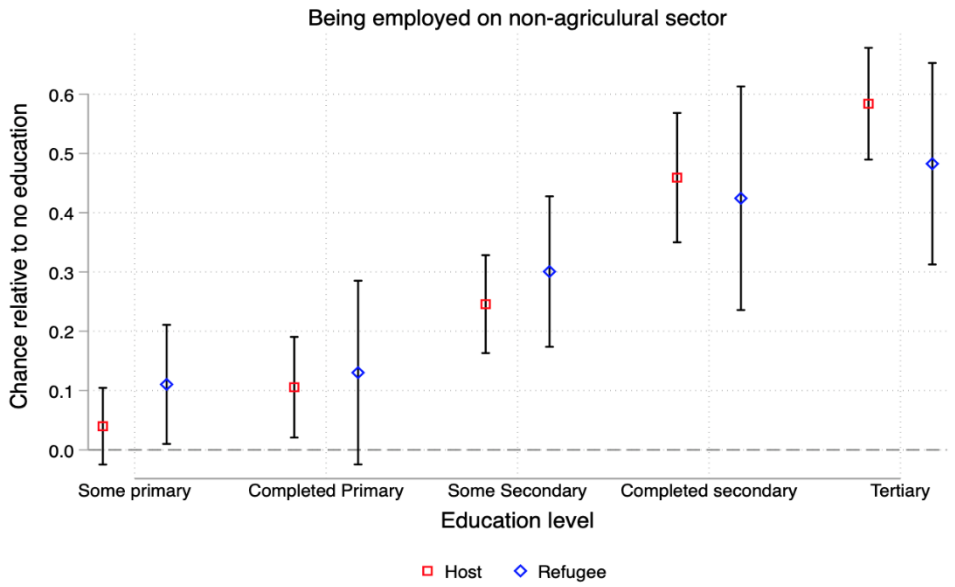


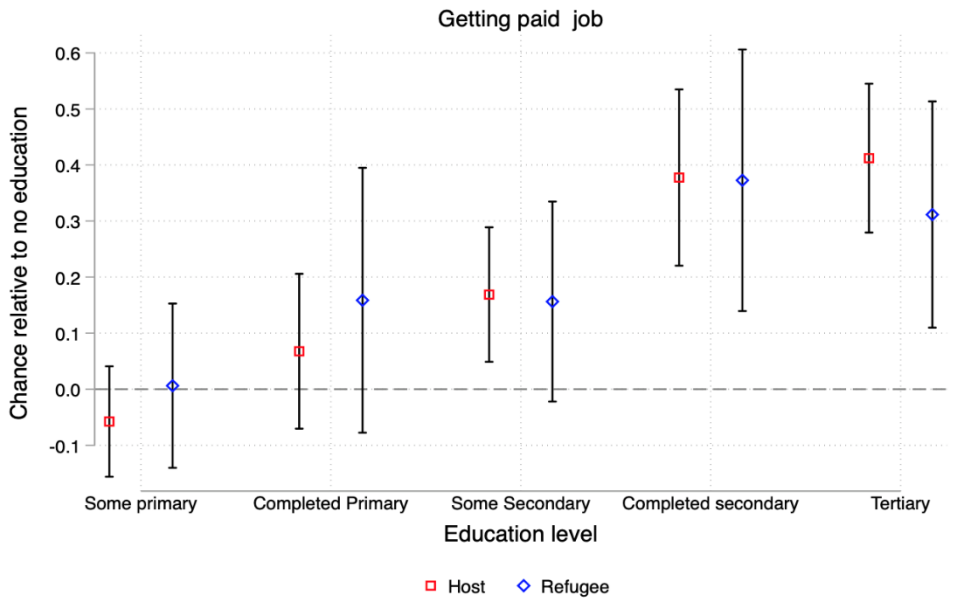




Among those employed, education level is closely associated with employment prospects as well as employment sector and type

Figure: Effect of education on non-agricultural employment (left) and paid jobs (right)





Despite high returns to secondary school education…

11% of youth refugees

24% of youth host members

of secondary school age finish secondary school

Why?

Reason given: high tuition fees

Host: **63%** **Refugees**: **43%**

And for girls, pregnancy is a frequently cited reason for dropping out

In Kampala, both refugees and hosts are mostly engaged in services and sales activities, while agricultural jobs are more common in Southwest and West Nile

	Host					Refugee			
	Kampala	West Nile	Southwest	All		Kampala	West Nile	Southwest	All
Armed forces occupations	1.43	0.79	0.06	0.50		0	0.0	0.0	0.00
Managers	2.01	0.08	0.26	0.37		8.67	0.0	0.59	0.84
Professionals	10.19	4.87	3.42	4.72		7.3	5.21	2.32	4.06
Technicians and associate professionals	2.22	0.63	1.45	1.20		5.99	1.97	0.53	1.60
Clerical support workers	2.19	0.52		0.44			1.56	0.36	0.92
Service and sales workers	46.84	12.14	7.22	13.41		46.93	25.33	11.45	20.57
Skilled agricultural, forestry and fish	1.57	63.73	64.19	57.37		0.00	32.72	58.43	42.02
Craft and related trades workers	10.15	3.6	2.59	3.80		0.00	13.2	4.77	8.55
Plant and machine operators and assembly	5.19	2.08	1.97	2.36		0.6	1.97	3.79	2.69
Elementary occupations	18.21	11.55	18.83	15.82		30.5	18.04	17.75	18.74

While there is high level of self-employment among both populations, refugees who are working are more likely to fall below the poverty line

SELF EMPLOYMENT

61%

68%

78%

Compared to neighbouring countries like Kenya and Rwanda, Uganda has a higher rate of self-employment: 72% of refugees and 78% of host members are self-employed

POVERTY

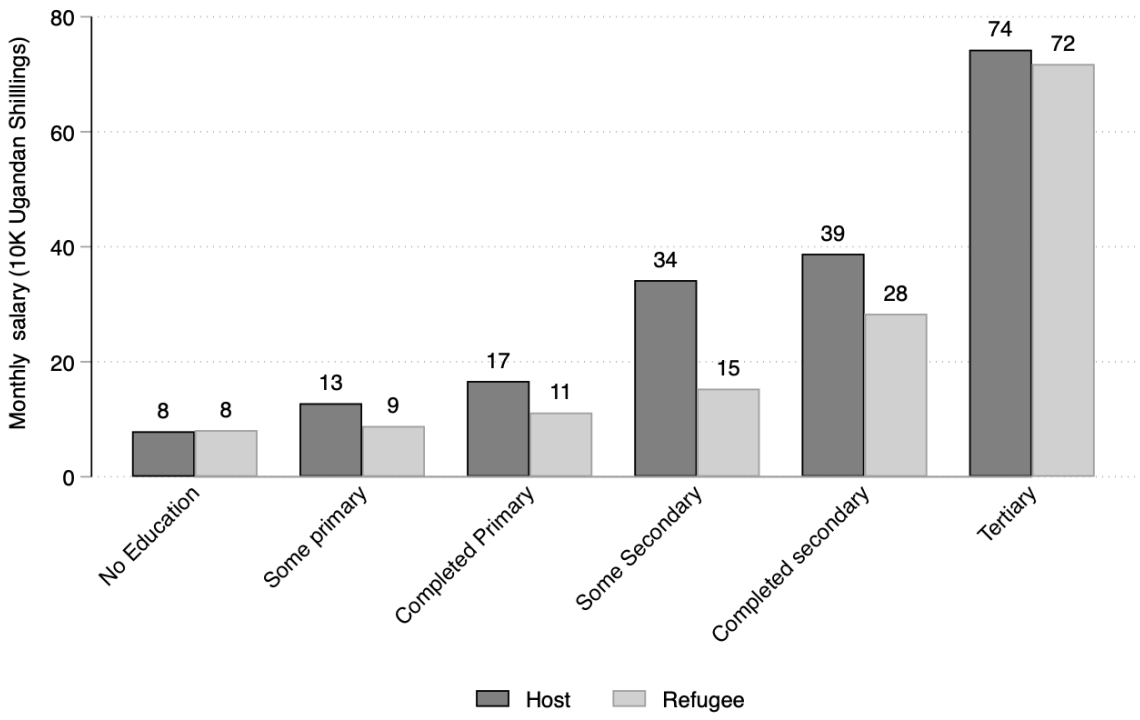
Among those working in Uganda…

28% of refugees

16% of host members

are poor

In part, the disproportionate number of working refugees falling below the poverty line is due to a pay gap



Primary Education level: Refugees with a primary education degree earn **33%** less than host community members with the same education background

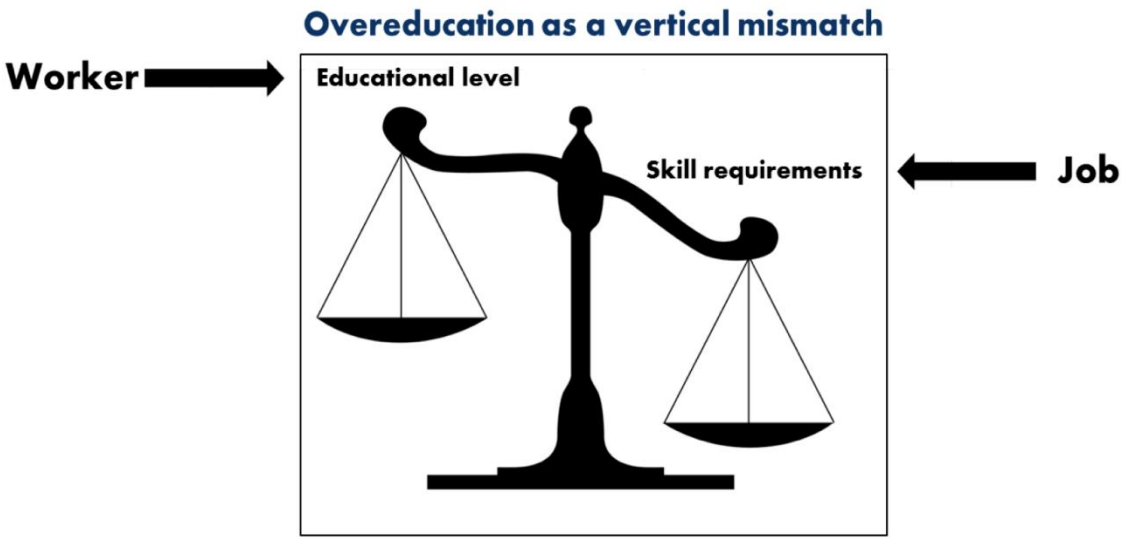
Secondary Education level: Refugees with a secondary education degree earn **50%** less than host community members with the same education background

Tertiary Education level : Refugees with a tertiary education degree earn **7%** less than host community members with the same education background

High number of refugees have jobs that typically require education and skills levels far below theirs. Thus, refugees are “downgrading” to escape unemployment.

Some stylized facts on refugee labour market trajectories include:

- **Very low-skilled jobholder**: 69% not working
- **Low-skilled jobholder**: 67% either not working or downgrading,
- **Intermediate skilled jobholder**: 86% either not working or downgrading
- **High skilled jobholders**: 79% either not working or downgrading



Among those working in Uganda…

Over 1/3 of refugees

but 1/5 of Ugandans

are overqualified for their jobs

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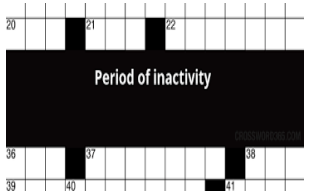
Explanations of “refugee gaps”

A potential explanation of these “refugee gaps” is discrimination (Chang 2018)

Limited recognition of foreign qualifications and refugee’s limited proficiency in the host country official’s language



Long periods of inactivity through conflict and displacement have a negative impact on finding employment

Explanations of “refugee gaps”

Lack of social networks and information on labour markets (Schuettler and Caron 2020)

Opaque regulations and extra burden to comply with them can create a chilling effect on employing refugees

ONLY 21% of **EMPLOYERS** know that **REFUGEES** are allowed to **FREELY MOVE** in Uganda

ONLY 23% of **EMPLOYERS** know that **REFUGEES** are allowed to **WORK** in Uganda

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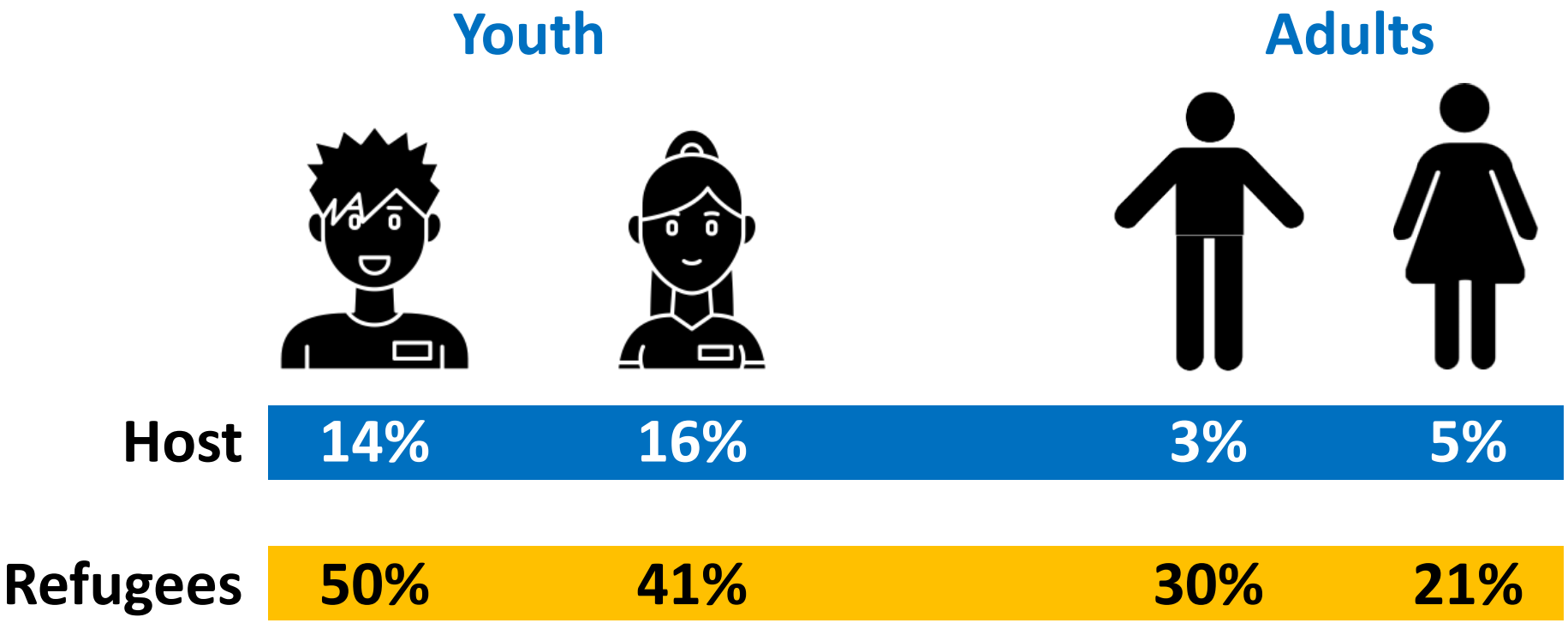
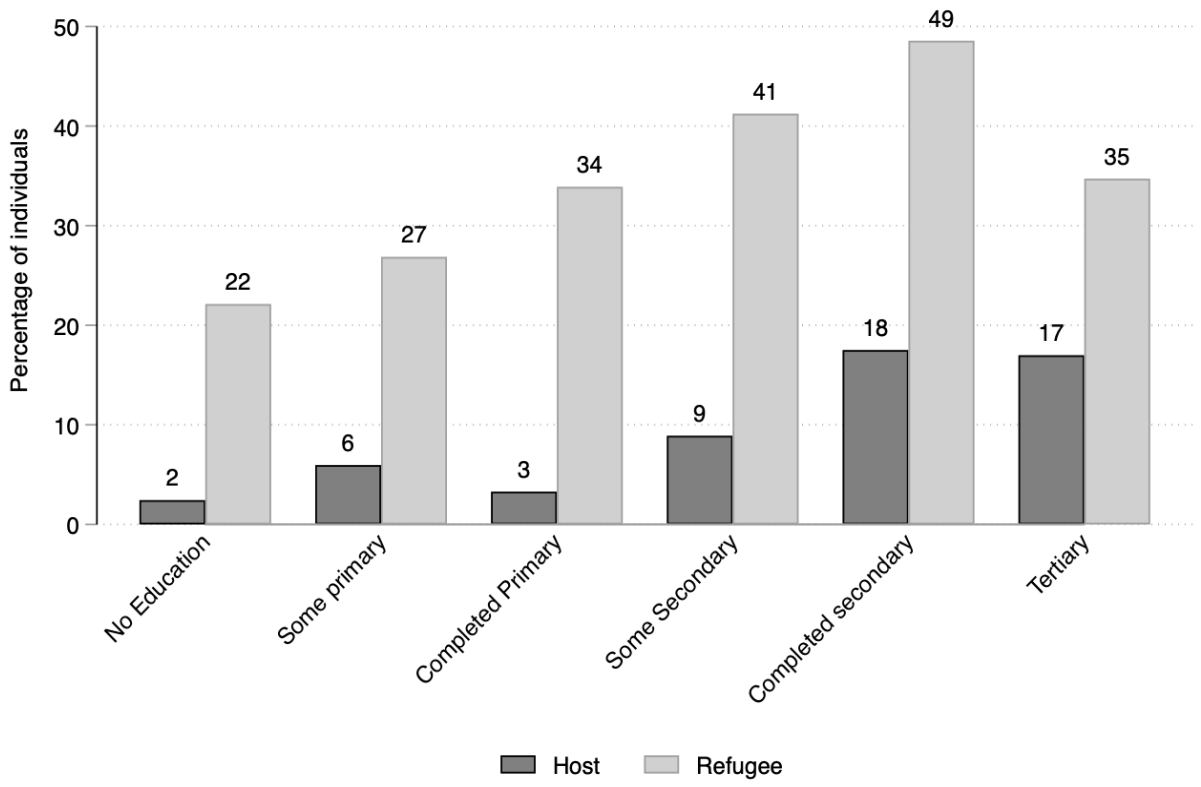
Among both groups, younger people face more severe access to employment with higher unemployment rates



Having secondary school or higher education = greater likelihood of being unemployed



- Highly educated have higher unemployment rates
- This is known as "**puzzle of the educated unemployed**", which is prevalent in Africa
  - Failure or absence of policies to create skilled jobs
  - Consequences of structural adjustment policies that reduced staff in the civil service
  - Desire to higher education for better employment prospects abroad

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Conclusion and recommendations: Education

Issue Identified: Low progression rate from Primary 6 and Primary 7 and transition to Senior 1 primarily due to students not sitting their primary leaving examination and the automatic transition from P5/P6 to P7.

Suggested Policy Response

i) Work with schools, communities, District Education Officers to advocate for improved preparedness in Primary 6 and 7 for passing the leaving exam.

ii) In addition, for high-risk groups such as women and girls to advocate for pregnant students be enabled to continue their education.

Suggested Programming Response

i) Promote second chance programs to students who either dropped out or were never enrolled.

Table: Total No. of Enrolled Students in P5,P6, P7, S1, Source: UNHCR Uganda

Category	Refugees			National			R+N Total
	Male	Female	Total	Male	Female	Tot	
P5 2017	11025	5124	16,149	1753	1237	2,990	19,139
P6 2018	8613	4436	13,049	1208	1225	2,433	15,482
P7 2019	4931	2153	7,084	948	751	1,699	8785
S1 2020	2873	1124	3,997	672	396	1,068	5,065

Conclusion and recommendations: Education

Issue Identified: Limited supply of refugee secondary education due to lack of school and infrastructure, and particularly weak science programmes as a result of lack of infrastructure, material, and trained science teachers.

Suggested Programming Response

i) 34 additional secondary schools in 5 years to be built from the WB Uganda Secondary School Expansion Program (USEP) which will partially address the infrastructure issue.

ii) Explore how to provide additional incentives to attract talented science teachers to work on refugee sites considered hardship locations by offering incentives including free housing or bike as well as offering a budget for science experiments.

iii) Advocate for or support the building of boarding facilities to address issues relating to long distances from students home to school and associated threat of SGBV when walking to or from school.

Conclusion and recommendations: Education

Issue Identified: COVID-19 school closures put girls at additional risk of dropout due to protection issues including child labour, teenage pregnancy, and early marriage.

Suggested Policy Response

i) Work with schools, communities, District Education Officers to advocate for pregnant students to be allowed to pursue school and sensitize school personnel around the issue.

Suggested Programming Response

i) Scale up UNHCR and partner plans for intensive monitoring and targeted community engagement to bring girls back to school.

ii) Continue the use of radio programmes for classes after COVID and expand online learning.

iii) HCR and partners to increase second chance programmes.

iv) Explore non-financial incentives for teachers to improve motivation and quality.

v) Enhance community awareness campaign on the risks and dangers of early marriage and advantages of continued schooling. It is essential to stop blaming girls and start addressing the circumstances that make marriage and motherhood the only options for them.

*** GRF pledge: Plan International's pledge to remove gendered barriers to the labour market*

Conclusion and recommendations: Education

Issue Identified: High drop-out rates despite the high returns of education.

Suggested Programming Response
Address risk factors to attending school and reduce barriers to transition or continuation of education Invest in education and training to increase chance of getting hired and getting paid job.

Tangibly this includes:

i) enhancing scholarships particularly targeted at higher risk girls.

ii) subsidized secondary school fees.

iii) explore cash transfers to low-income families to offset income lost due to children's attendance in school.

iv) assess appropriate family-friendly options e.g. providing daycare for girls with children.

v) look at opportunities with organisations who work with secondary schools to develop income-generating activities (baking and vegetable growing, budgeting and planning).

Conclusion and recommendations: Skills and Employment

Issue Identified: Refugees struggle in the labour market upon arrival.

Suggested Programming Response:
Assess refugees' skills early (ideally upon arrival or shortly after) and provide training and labour market activities accordingly to promote convergence in employment over time.

Tangibly this includes:

i) Include measure of skills in future proGres registration and verification.

ii) provide job search assistance.

iii) improve matching programmes.

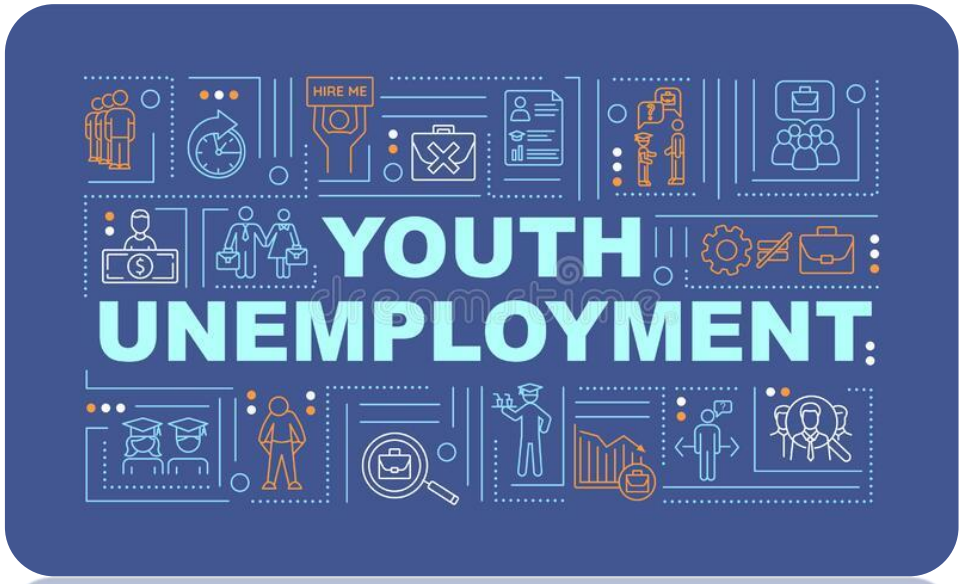
Conclusion and recommendations: Skills and Employment

Issue Identified: High youth unemployment across refugee and host communities.

Suggested Programming Response to facilitate labour market entrance of youth by exploring

i) on-the-job training or internships and mentorship programmes.

ii) Link refugees' employment to big infrastructure programs and construction such as the WB Uganda Secondary School Expansion Program which will build 34 secondary schools in the next 5 years.



Conclusion and recommendations: Skills and Employment

Issue Identified: Refugees are overqualified for their jobs

Suggested Policy Response

Pursue certificate/diploma recognition cross-border together with development partners and government to facilitate entrance into the labour market.

Tangibly this includes:

i) explore cross-border or regional accreditation recognition.

ii) GRF pledge: Global UNESCO Qualifications Passport for Refugees.

Conclusion and recommendations: Skills and Employment

Issue Identified: Limited capital for self-employed

Suggested Programming Response
Support and engage firms – including the self-employed – to expand.

Tangibly, this includes:

i) improving access to financing

ii) reduce the high cost of financial services

iii) provide financial capital

iv) graduation-type programmes (cash grants for business and entrepreneurship + training + intensive coaching + financial inclusion)

v) information campaign to make employers aware of refugees' rights

vi) expand legal assistance programme for urban refugees to fill information gaps on how to obtain work permits.

Conclusion and recommendations: Skills and Employment

Issue Identified: Employers' unawareness of refugees' right to work

Suggested Programming Response

i) information campaign to make employers aware of refugees' rights

ii) expand legal assistance programme for urban refugees to fill information gaps on how to obtain work permits.

Discussion

UNHCR
The UN Refugee Agency