Center for Global Development

REFUGEES INTERNATIONAL

INTERNATIONAL RESCUE COMMITTEE

LOCKED DOWN AND LEFT BEHIND: THE IMPACT OF COVID-19 ON REFUGEES' ECONOMIC INCLUSION

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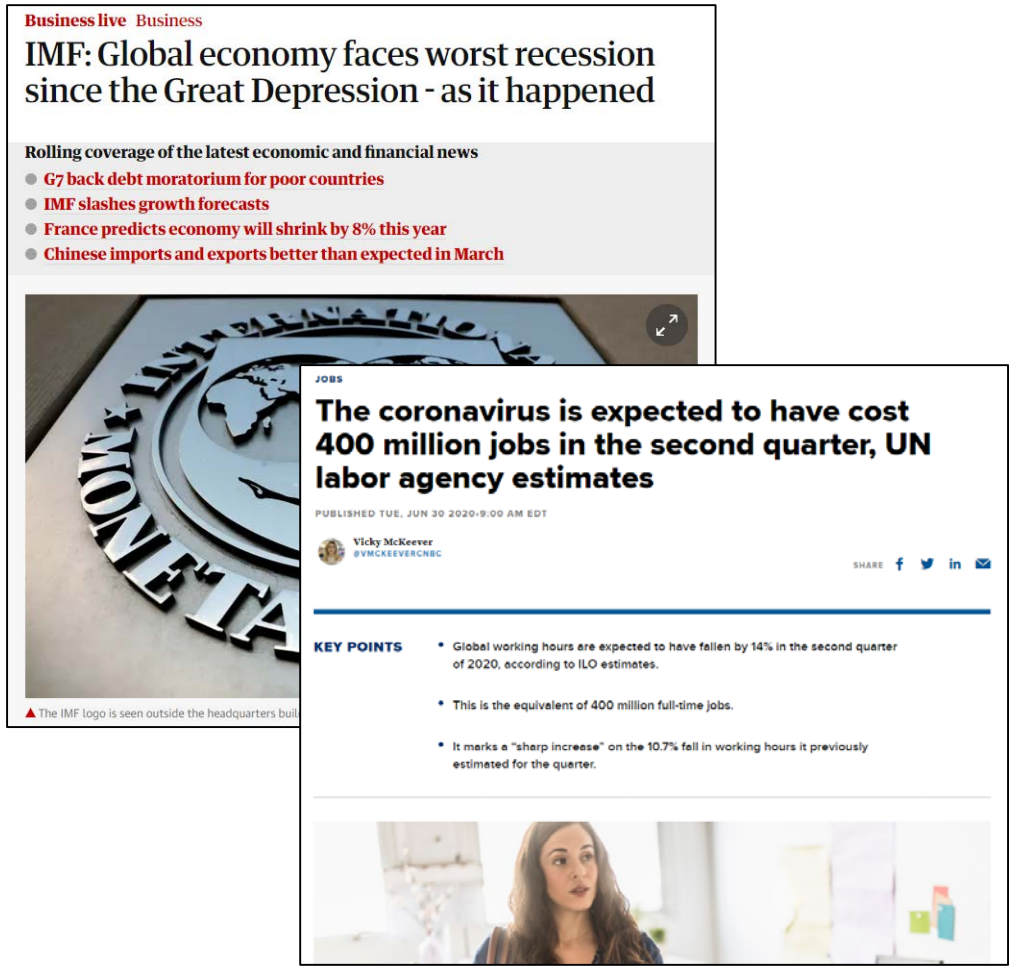
Economic Impact of COVID-19

- Border and business closures
- 68% of workers live in countries with workplace closures
- 14% drop in working hours in second quarter = 400 million full-time jobs
- Economic growth falling in Africa, Asia and the Pacific, and Latin America → increases in poverty, food insecurity, and informality
- Impact on (1) Refugee-hosting countries; (2) Refugees' economic inclusion; and (3) Refugees' incomes



Business live Business

IMF: Global economy faces worst recession since the Great Depression - as it happened

Rolling coverage of the latest economic and financial news

- G7 back debt moratorium for poor countries
- IMF slashes growth forecasts
- France predicts economy will shrink by 8% this year
- Chinese imports and exports better than expected in March

The IMF logo is seen outside the headquarters buil

JOBS

The coronavirus is expected to have cost 400 million jobs in the second quarter, UN labor agency estimates

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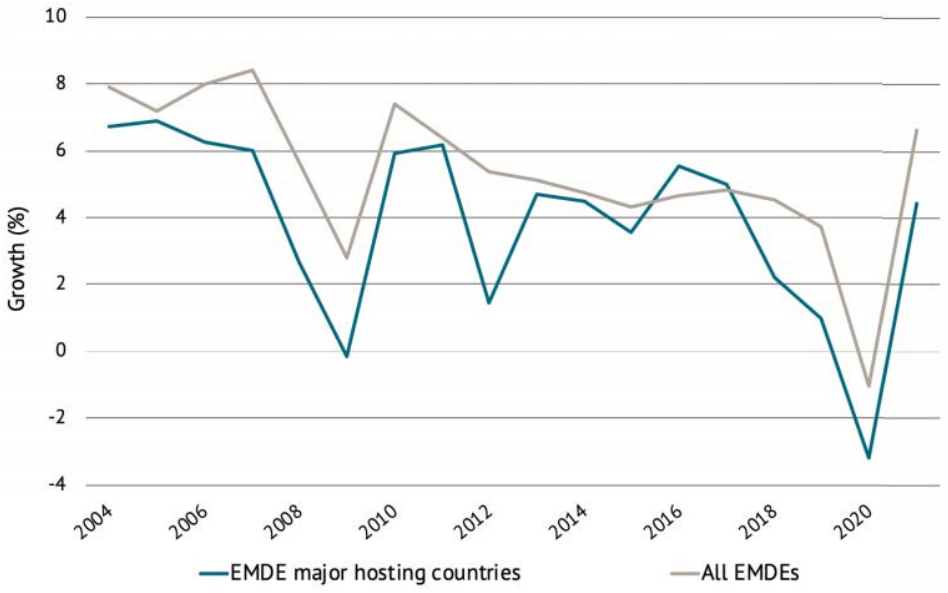
KEY POINTS

- Global working hours are expected to have fallen by 14% in the second quarter of 2020, according to ILO estimates.
- This is the equivalent of 400 million full-time jobs.
- It marks a "sharp increase" on the 10.7% fall in working hours it previously estimated for the quarter.

Impact on refugee-hosting countries

- Top 15 refugee-hosting EMDE countries:
  - 2019 growth: 1%
  - 2020 predicted growth: -3.2%
- All EMDE countries:
  - 2019 growth: 3.7%
  - 2020 predicted growth: -1%
- Predicted difference in growth rates from 2019 to 2020 vary from -6.7 percentage points (Peru) to -1.4 percentage points (Uganda)
- Economic recovery expected for 2021
- Rough projections: many assumptions, and different policy responses

Figure 1. Impact of COVID-19 on real gross domestic product (GDP) growth in emerging market and developing economies (EMDEs), both those hosting refugees and those not

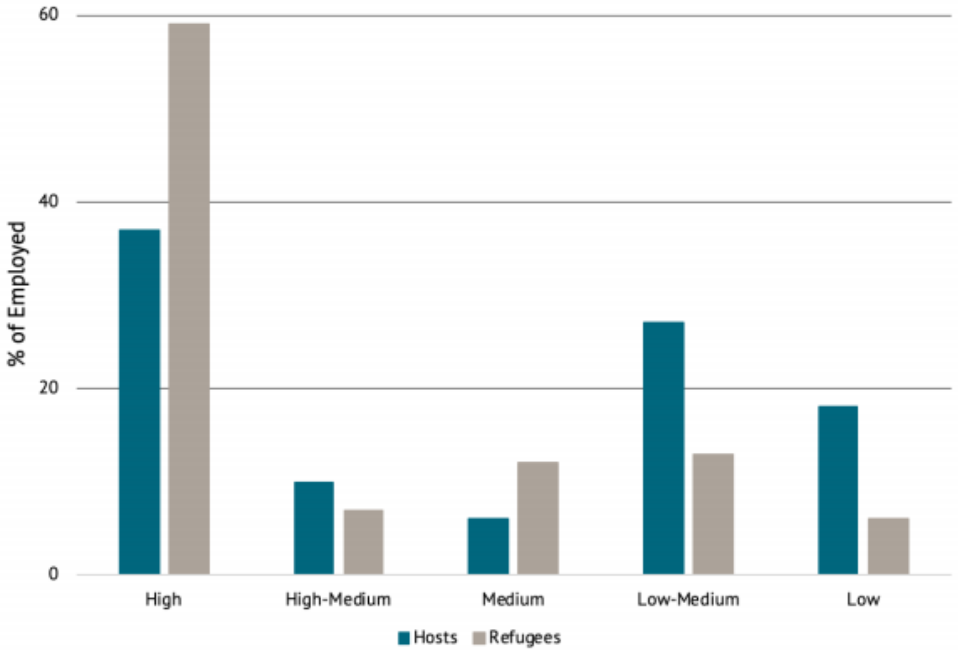


Impact on refugees' economic inclusion

HIGHLY IMPACTED SECTORS

- Data from eight refugee hosting countries (Colombia, Ethiopia, Iraq, Jordan, Lebanon, Peru, Turkey, and Uganda) = 37% of total refugee population
- Rough projections show refugees are 60% more likely than host populations to be working in highly impacted sectors (e.g. accommodation, manufacturing, trade)
- 7% of refugees work in lowest impacted sectors (e.g. education, public administration) compared to about 18% of hosts
- *De jure* or *de facto* labor market access restrictions limit refugees to certain sectors

Figure 2. Projected impact of COVID-19 by sector of employment among refugees and host populations in Colombia, Ethiopia, Iraq, Jordan, Lebanon, Peru, Turkey, and Uganda

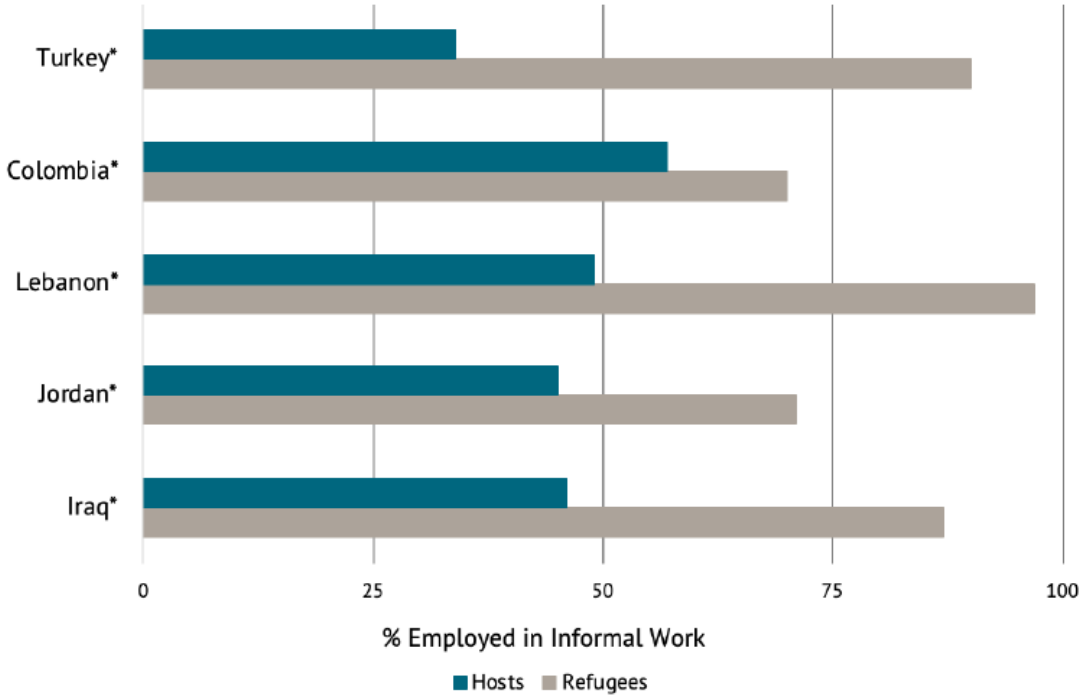


Impact on refugees' economic inclusion

INFORMALITY

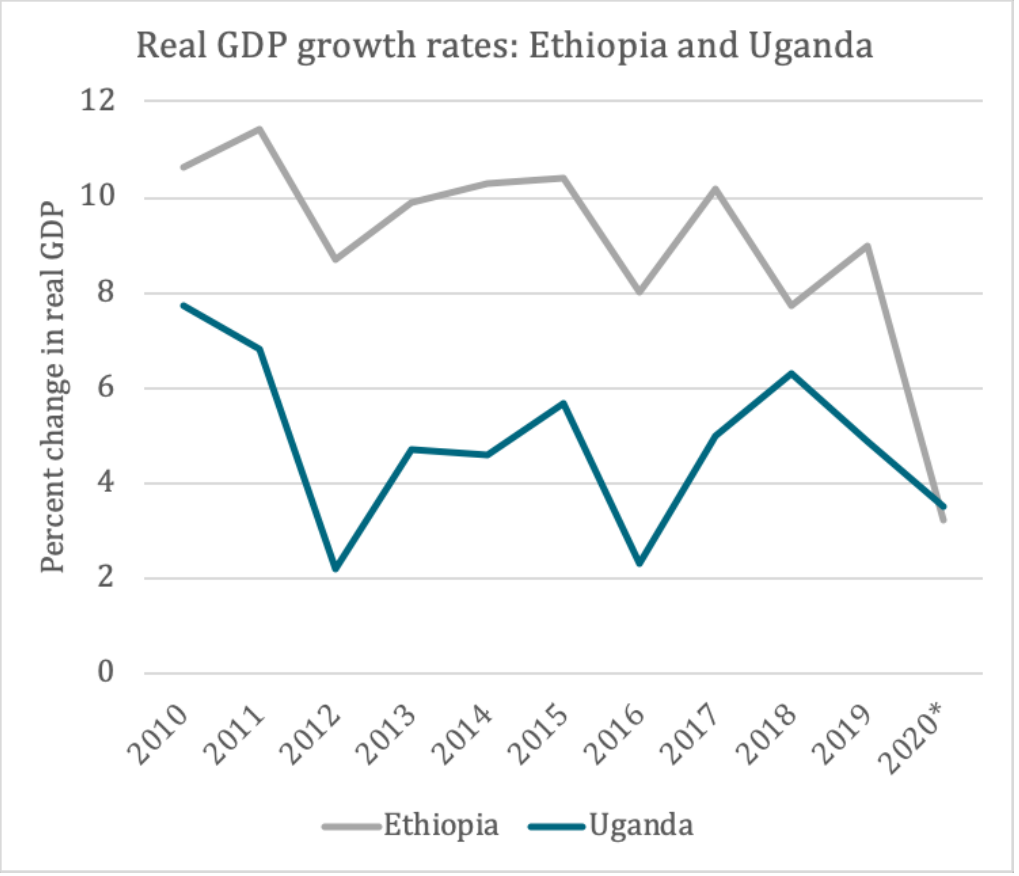
- 1.6 billion informal workers are significantly impacted by lockdown measures and / or working in hardest-hit sectors = 60% decline in earnings
- Data from five refugee hosting countries (Colombia, Iraq, Jordan, Lebanon, and Turkey) shows refugees are more likely to work in the informal sector

Figure 4. Percentage of informal employment among refugees and host populations



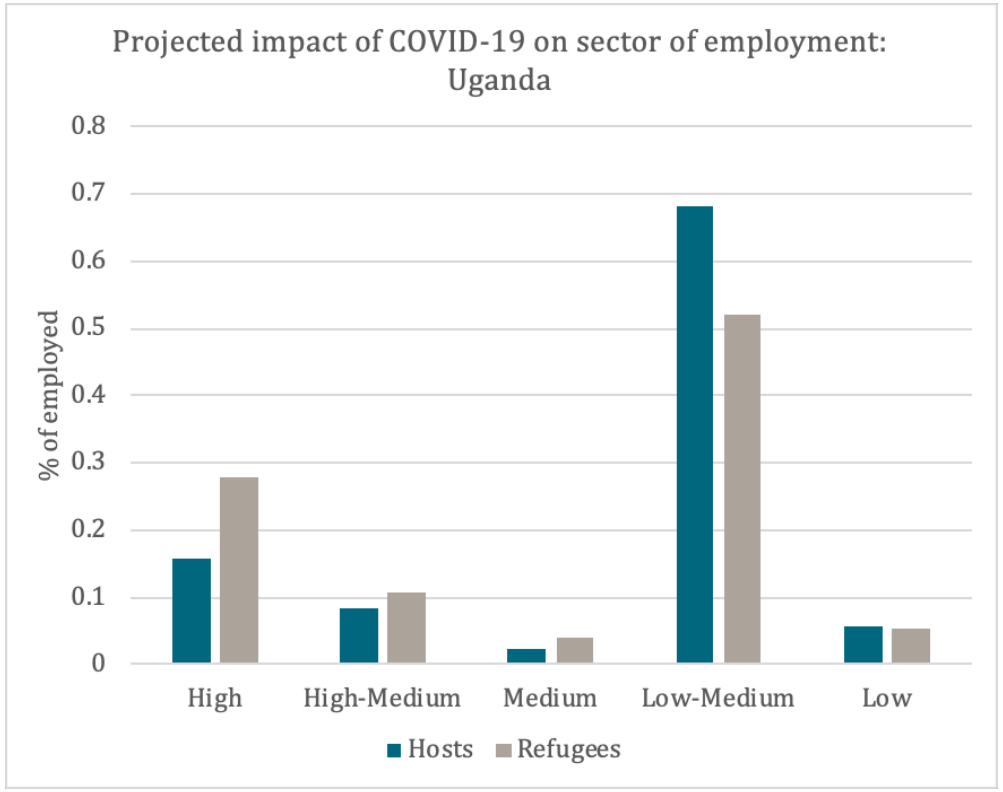
Impact on East Africa

- Uganda
  - 2019 growth: 4.9%
  - 2020 projected growth: 3.5%
- Ethiopia
  - 2019 growth: 9.0%
  - 2020 projected growth: 3.2%
  - Low point for the decade



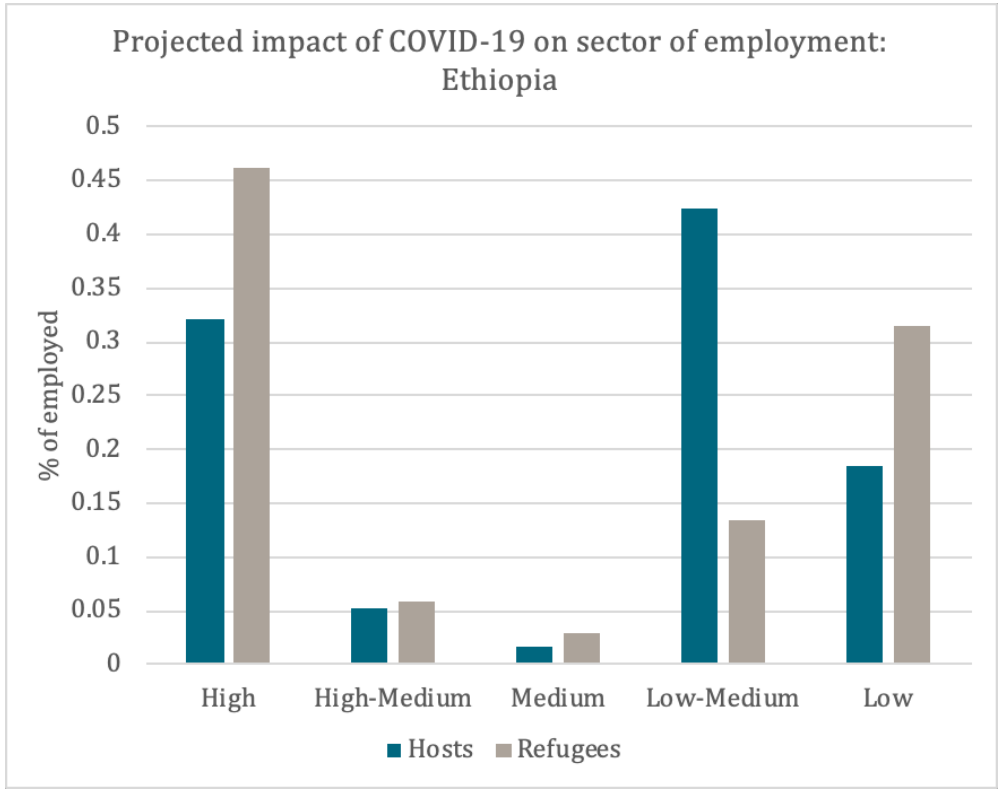
Impact on refugees' economic inclusion in Uganda

- Survey from 2018, nationally representative
- 28% of refugees in high impact sectors vs. 16% of hosts
- Refugees more impacted in both rural and urban areas
- Pre-COVID-19 employment rates:
  - 28% for refugees
  - 74 % for hosts
- Pre-COVID-19 poverty rates (based on national poverty line, which varies by region):
  - 46% for refugees
  - 17% for hosts



Impact on refugees' economic inclusion in Ethiopia

- Survey from 2017, representative of refugee camps and host communities within 5 km of camps
- 46% of refugees in high impact sectors vs. 32% of hosts
- Pre-COVID-19 employment rates:
  - 21% for refugees
  - 65% for hosts
- Pre-COVID-19 poverty rates (< $1.90/day):
  - 64% for refugees
  - 28% for hosts



Impact on refugees' economic inclusion in East Africa

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UGANDA

- Among refugees in high-impact sectors, percentage in:
  - Wholesale and retail trade: 57%
  - Manufacturing: 31%
  - Accommodation and food services: 5%
- Among hosts in high-impact sectors, percentage in:
  - Wholesale and retail trade: 57%
  - Manufacturing: 22%
  - Accommodation and food services: 12%
- High-medium impact: transportation, "other personal service activities"

VS

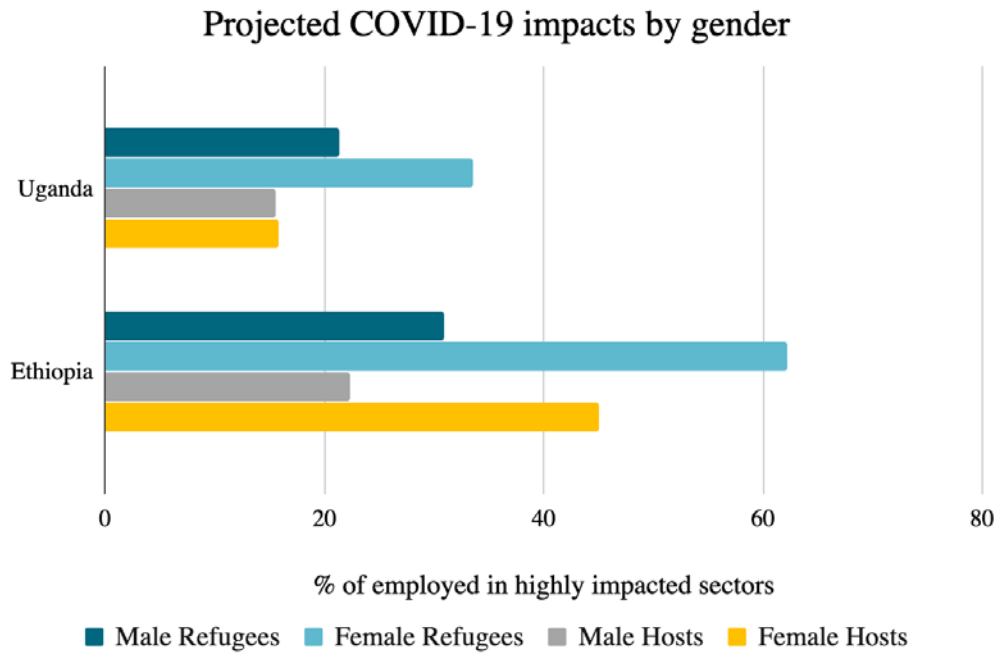
ETHIOPIA

- Among refugees in high-impact sectors, percentage in:
  - Wholesale and retail trade; repairs 80%
  - Manufacturing: 14%
  - Accommodation and food services: 6%
- Among hosts in high-impact sectors, percentage in:
  - Wholesale and retail trade; repairs: 79%
  - Manufacturing: 10%
  - Accommodation and food services: 10%
- High-medium impact: transportation, "arts, entertainment and recreation, and other services"

Impact on refugees' economic inclusion in East Africa

GENDER

- Female refugees more likely to be in highly impacted sectors than male refugees
  - Uganda: 12 percentage points
  - Ethiopia: 32 percentage points
- Pre-COVID-19 employment rates Uganda:
  - 29% for female refugees
  - 37% for male refugees
- Pre-COVID-19 employment rates Ethiopia:
  - 17% for female refugees
  - 26% for male refugees



Recommendations

1. Ensure refugees can access social safety nets and health care
2. Ensure refugees can contribute to the response
3. Continue ongoing economic inclusion initiatives
4. Combat misinformation and increase anti-xenophobia efforts
5. Support multi-year, flexible livelihoods programming
6. Shift towards digital livelihoods programming and virtual service delivery
7. Collect better data and evaluate interventions

Thank you!

https://www.cgdev.org/publication/locked-down-and-left-behind-impact-covid-19-refugees-economic-inclusion