Forced Displacement Literature Review

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Self-Reliance and Jobs

Joint Data Center on Forced Displacement

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Table of Contents

Wage-productivity gap and discrimination against Syrian refugees: Evidence from Turkey

Ceyhun Elgin and Adem Yavuz Elveren

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This article **investigates the relationship between the wage-productivity gap and perceived economic and social discrimination among Syrian refugee workers in Turkey**. There are more than 3.5 million Syrian refugees in Turkey. Refugees are predominantly engaged in informal labor markets and face significant economic and social discrimination.

The analysis is based on survey data collected from December 2022 to February 2023, involving 450 firm owners/managers and 450 Syrian workers in Istanbul. Firm owners/managers provided information on the value of the marginal product created by workers, gross wages, firm age, total number of employees, and the nationality of the firm owner. Workers reported their gross wage, age, gender, education, duration of stay in Turkey, and experiences of social and economic discrimination.

Main findings:

- **A higher wage-productivity gap is associated with increased perceived economic discrimination among refugee workers**. Gender, education, duration of stay in Turkey, salary below the minimum wage, firm age, and firm size are also associated with perceived economic discrimination. In particular, more educated workers, those who have spent more time in Turkey, and those working for older and larger firms perceive less economic discrimination, while female workers perceive more. Worker age and firm owner nationality are not significantly associated with perceived economic discrimination.
- **A higher wage-productivity gap is linked to higher perceived social discrimination**. Worker age, gender, education, and duration in Turkey are also associated with higher perceived social discrimination. In particular, older and female workers report higher levels of perceived social discrimination, while more educated workers and those who have spent more time in Turkey report less. Firm-level variables such as firm age, size, and firm owner nationality are not significant in the regressions of perceived social discrimination.
- Respondents associate the wage-productivity gap more with economic discrimination than with social attitudes.

The authors conclude that **workers experiencing a larger wage-productivity gap report higher levels of economic and social discrimination**. Even if workers are unaware of their marginal product value, they likely understand the wage-productivity gap and associate it with economic discrimination. This gap is linked to both economic and social discrimination. The authors suggest that policies aimed at reducing this gap could help mitigate perceived economic and social discrimination among refugee workers. These policies may include initiatives to improve economic conditions for refugee workers and the enforcement of labor laws and regulations in informal labor markets, particularly laws concerning refugees.

Is the self-reliance strategy sustainable? Evidence from assistance programmes to refugees in Uganda

Marina Mastrorillo, Antonio Scognamillo, Camille Ginet, Rebecca Pietrelli, Marco D'Errico and Adriana Ignaciuk

Food Security (2024)

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This study **investigates the impact of cash and food assistance on food security and self-reliance among refugee communities in Uganda**. Despite being one of the poorest and most food-insecure countries globally, Uganda hosts over 1.5 million refugees (as of September 2023) and has adopted inclusive refugee policies. These policies provide refugees with land for cultivation, freedom of movement, and the right to work, with the aim of fostering their self-reliance. However, refugee settlements and host districts continue to experience high levels of poverty and food insecurity.

The authors leverage the variation in the household assistance received within and across settlements to examine the impact of different types of assistance (cash and food) on households' likelihood to adopt adverse coping strategies, food-related indicators and agricultural outcomes. They also examine how these effects vary by the size of land available for cultivation and the duration of stay in the settlement.

The analysis is based on the FAO Resilience Index Measurement and Analysis (RIMA) dataset, which is representative of around 80 percent of the total refugees living in Uganda as of 2018. This dataset includes comprehensive information on household socio-demographic and economic indicators, such as food security, shocks, assistance, perceived resilience capacity, coping strategies, aspirations, access to basic services, employment, and agricultural and livestock production. Two waves of data were collected: the first in November–December 2017 in Northern districts and March 2018 in Southwest Uganda, and the second in December 2019 to track all households interviewed in the first wave. The analysis focuses on 1,283 refugee households in each wave.

Descriptive statistics show that in the first wave, 20 percent of households received cash assistance and 55 percent received food assistance. In the second wave, these percentages increased to 34 and 60, respectively. Only a small fraction of households received both cash and food transfers: 4.7 percent in the first wave and 1.9 percent in the second.

Main empirical findings:

- **Both cash and food transfers reduce the adoption of adverse coping strategies due to food shortages.** Cash transfers decrease the number of days a household resorts to purchasing food on credit by 35 percent, harvesting and consuming immature crops by 37 percent, consuming seed stock needed for the next season by 43 percent, selling small assets by 133 percent, and exchanging food for work by 76 percent, relative to the sample average. Food transfers reduce the average number of days a household resorts to these coping strategies by 48 percent, 51 percent, 52 percent, 93 percent, and 31 percent, respectively.
- **Household receiving cash increase their food expenditure, while households receiving food transfers directly satisfy their food needs with the in-kind transfer, decreasing their food expenditure.** Households receiving cash transfers increase their food expenditure by about 23 percent, while those receiving food transfers decrease their food expenditure by 32 percent.
- **Food transfers contribute to better food security, as measured by the FCS Index, but this is not the case for cash transfer beneficiaries**. Households receiving food transfers register an increase in their FCS of 8.5 percent, while those receiving cash transfers are not statistically different from non-beneficiaries.
- **The longer households stay in the settlement, the more significant the impact of transfers on negative coping strategies.** Both cash and food transfers significantly reduce the likelihood of adopting negative coping strategies for households residing in the settlement for at least 10 to 16 months.
- **Permanence in settlements positively affects food security for food transfer recipients.** This positive effect is evident for households living in the settlement for more than 10 months and increases linearly with time.
- **The benefits of transfers on food expenditure apply to almost all recipients, regardless of their time in the settlement.** Cash transfers have a significant impact across a wide range of time distributions, except for households residing for more than six years. Food transfers impact the entire distribution.
- **Effects of cash transfers on negative coping strategies depend on the sex of the household head**. Male-headed households receiving cash transfers reduce the consumption of immature crops, seed crops for the next season, and the sale of small assets, but their food expenditure does not change significantly. Female-headed households receiving cash spend more on food, rely less on work-for-food practices, and reduce the sale of small assets.
- **Effects of food transfers on negative coping strategies also depend on the sex of the household head**. Female-head households greatly reduce the adoption of almost all negative coping strategies (except for the work-for-food practice), while male-headed households do not report such a significant reduction (except for food on credit and the work-for-food practices).
- **The availability of cultivable land influences the effect of transfers on the agricultural production.** Households with at least 1.5 acres of land are 25-31 percent more likely to produce maize after receiving cash transfers, irrespective of their land size. Those with at least 3 acres are 25-51 percent more likely to produce beans. Food transfers decrease the probability of engaging in agricultural activity. Households receiving transfers (both cash and food) are not more likely to earn income from crop sales, regardless of land size.

- **Effects of transfers on agricultural productivity depend on the sex of the household head**. Female-headed households report a significant increase in agricultural assets and maize yield when receiving cash transfers, while male-headed households do not. Food transfers negatively impact agricultural assets for female-headed households and positively impact maize yield for male-headed households.

The authors conclude that **transfers improve refugees' food security and reduce their reliance on negative coping strategies. Food transfers enhance the quality and variety of diets, while cash transfers support agricultural self-reliance for those with sufficient land**. The findings emphasize the need to consider beneficiaries' characteristics (e.g., land size, duration in settlement, cash management skills) and contextual factors (e.g., market access) when choosing the type of transfer. Food transfers may be prioritized for refugees with limited cash literacy or poor market access, while cash transfers may be better for those with larger productive land assets. Given the limited land access for many refugees and the anticipated increase in refugee influxes, the authors recommend restraining land fragmentation to provide larger, productive areas for those engaging in agriculture. Additionally, promoting alternative business opportunities along the value chain, with appropriate support, should be considered for other household profiles.

Training Refugees: Lights and Shadows in the Context of the Self-Reliance Strategy Implemented in Uganda

Marina Mastrorillo, Antonio Scognamillo and Adriana Ignaciuk

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This paper **estimates the causal impact of training on refugees' food security and market access in Uganda**. Uganda hosts more than 1.5 million refugees, the majority (70 percent) living in established settlements across 11 predominantly rural host districts in the northern and western regions of the country.

The Ugandan government and international organizations operating in refugee settlements have identified training and extension services as crucial for the self-reliance of refugees. Agricultural training and extension services are expected to enhance on-farm productivity and efficiency, as well as improve refugees' capacity to sell their products in local markets. Business and vocational training programs aim to equip participants with new skills, enabling them to diversify their income sources through various business and entrepreneurial activities, and increase their likelihood of accessing local labor markets.

The authors evaluate the effectiveness of agricultural and business training programs on food security and the probability of accessing local markets. They also examine variations across different segments of the refugee population, specifically: (i) female- and male-headed households; (ii) varying education levels of the household head; (iii) households with or without livestock assets; and (iv) households that reported economic losses due to the COVID-19 pandemic versus those that did not.

This analysis utilizes data from the Resilience Index Measurement and Analysis (RIMA) survey, which is representative of approximately 80 percent of the total refugee population in Uganda as of 2018. The dataset includes information on household socio-demographic and economic indicators, such as food security, perceived resilience capacity, coping strategies and aspirations, access to basic services, employment, agricultural and livestock production, COVID-19 shocks, assistance, and training activities. The analysis focuses on 1,428 refugee households per year across three waves of the survey (baseline, 2019, and 2020).

Main empirical findings:

- **On average, agricultural training improves refugees' food security and access to local agricultural markets**. Households participating in agricultural training have a 22 percent higher food consumption score (FCS). Land-holder households trained in agriculture have a 35 percent higher probability of earning income from crop sales.
- **The effect of agricultural training on market access varies across subgroups**. Male-headed households trained in agriculture have a 42% probability of accessing markets, compared to 30% for female-headed households. The impact is not significant for households with uneducated heads but increases with education levels (ranging from 33% to 41% from the lowest to highest educational attainment). Livestock holders trained in agriculture have a 40% higher probability of selling their products, while the impact is not significant for non-livestock holders.
- **The effect of agricultural training on food security also varies across subgroups**. Male-headed households see a 26% improvement, while the effect is not significant for female-headed households. The impact is not significant for households with uneducated heads but increases with higher education levels. Households without livestock see a 26% improvement in FCS, while the effect is not significant for livestock holders.
- **On average, business training does not increase the probability of obtaining additional income from off-farm business activities or improve food security.** This holds true across all subgroups.
- **Both agricultural and business training significantly increase food security for households that reported economic losses due to COVID-19**. The FCS increases by 76% for those trained in agriculture and by 57% for those trained in business, compared to non-trained households. However, training does not significantly improve the likelihood of selling crops for households affected by COVID-19. The impact on households not experiencing COVID-19 losses follows the average estimates.

The authors conclude that, **on average, agricultural training significantly improved refugees' food security and access to agricultural markets, with male-headed households, those with higher education levels, and livestock holders benefiting more. Conversely, business training showed no significant impact on food security or market access.** Both types of training, however, significantly increased food security for households that reported economic losses due to the COVID-19 pandemic.

The impact of savings-led microfinance on the lives of refugees

Stephen DeLoach and Alexa Rasmussen

Journal of Development Effectiveness (2024)

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This paper **analyses the impact of a Village Savings and Loan (VSL) program on South Sudanese refugees in Uganda**. The program consists of a group-based commitment savings mechanism, a process whereby members can request a loan from the group, and a 'social fund', which functions as an insurance device for members in the event of emergencies. The study is set against the backdrop of a significant influx of South Sudanese refugees into Uganda, with the refugee population increasing from 200,000 to over 1 million between January 2016 and December 2017.

The authors analyze the impact of the VSL program on asset accumulation, nutrition, and home improvements. They investigate potential mechanisms such as increased borrowing and saving, reduced income uncertainty, and the preservation of wealth in response to unexpected expenditures. Additionally, the study examines the importance of socially proximate peer monitoring by constructing a proxy for social proximity. This proxy measures the relative 'distance' between individual members and others within their group, considering factors such as gender, educational attainment, religion, and religiosity.

The analysis focuses on 10 refugee settlement areas in the Adjumani district of northern Uganda. Except for the Ayilo settlement, which is entirely populated by ethnic Dinka, ethnic groups are integrated within the Adjumani settlements. Data were collected from a sample of new VSL members and a convenience sample of non-participants living in Adjumani. After matching, the final sample consists of 365 refugees, each providing two observations approximately one year apart (2018/19 and 2019/20).

Main results:

- **Both refugee and host VSL members see significant increases in household wealth**. Refugee VSL members experience a 0.3 standard deviation increase in wealth relative to non-members. VSL members also increase their land ownership, though there is no difference in owning bikes or motorbikes. While refugee members do not increase the total value of animals, they are significantly more likely to own animals compared to non-members. In the larger sample, including host Ugandans, there is a significant increase in the value of livestock after VSL participation.
- **The effects on nutrition are mixed.** VSL members are more likely to increase weekly meat consumption. The evidence on the likelihood of eating three meals per day is mixed; there is no significant effect on refugee members, but a large significant effect is observed in the broader sample that includes host Ugandans.
- **VSL members invest in improving their living conditions**, experiencing significant increases relative to non-members in having a pit toilet and a hard roof. There is weak

evidence of increased access to electricity, though these effects are estimated imprecisely.

- **VSL members increase their likelihood of savings and borrowing relative to non-members**. On average, VSL refugees increased savings by roughly $110 more than non-members over the course of the year. The impact on year-over-year borrowing was smaller (approximately $70) but sufficient to fund important investments in assets and business activities.
- **Some credit rationing occurs early in the cycle**. Those in the poorest 25 percent of all VSL groups borrow significantly less for their first loan. However, the total amount borrowed over the entire cycle is not significantly different from those in the wealthiest groups. Additionally, they are not significantly less likely to borrow or take out multiple loans.
- **Descriptive evidence shows that a substantial number of loans are used to support income-generating activities and increase assets**. Most loans taken out by refugees are used to fund expenditures such as school fees (65 percent) or medical bills (46 percent). About 44 percent of loans support business activities, 7.5 percent are used to purchase livestock, and 23 percent are used to purchase non-livestock assets.
- **VSLs help the vulnerable mitigate the adverse effects of unexpected expenditures.** For refugees, the primary channel is access to credit for health-related expenses and a combination of savings and credit for school expenses. Participants also report a significant decrease in income uncertainty.
- **Refugee participants are more likely to borrow to pay for medical bills and school fees after joining the VSL.** When host Ugandans are included, there is no evidence of changes in borrowing use, though there is a significant change in the use of savings for school fees.
- **Members who are 'closer' to their peers in the group save more and borrow less than those who are more socially distant**. Members socially distanced by one standard deviation save about 27 percent less and borrow about 57 percent less than those who are socially closer to their groups.

The authors conclude that, despite the numerous challenges of operating in refugee settlements, VSLs are highly effective in mobilizing savings, providing access to credit, and enhancing the lives and livelihoods of both refugee and host communities. The data indicates that members experienced substantial increases in asset accumulation, nutrition, and home improvements, as well as greater income stability and improved capacity to insure against future shocks, such as illness. Overall, the findings suggest that **VSLs are instrumental in fostering self-sufficiency among refugees by granting them access to essential financial services.**

Understanding linkages between self-reliance and mental health among forcibly displaced women in Colombia

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This **paper investigates the link between household self-reliance and mental health outcomes, specifically depression symptoms and resilience, among forcibly displaced women in Colombia**. As of 2023, Colombia hosts 6.9 million internally displaced people, 2.9 million forcibly displaced Venezuelan migrants, and 500,000 Colombian returnees.

The analysis utilizes baseline data collected in March 2024 from 348 women enrolled in HIAS' Entrepreneurship School with a Gender Lens (ESGL) program. The ESGL initiative, developed by HIAS, addresses the specific needs of women at risk of or who have experienced gender-based violence (GBV). It supports participants in developing and incubating business ideas, provides small amounts of seed capital, and offers information, support, and services related to GBV and mental health.

The study specifically examines self-reliance, measured by the Self-Reliance Index (SRI), and its association with depressive symptoms, measured by the Patient Health Questionnaire-9 (PHQ-9), and resilience, measured by the Brief Resilient Coping Scale (BRCS). Additional individual-level covariates included in the regression analyses are age, a dichotomous variable indicating primary school completion, nationality (Colombian or Venezuelan), marital status, household size, and the dependency ratio, defined as the ratio of children and elderly to working-age adults in the household.

Main findings:

- **Household self-reliance is inversely correlated with depressive symptoms in displaced women.** A substantial increase in the Self-Reliance Index (SRI) by two standard deviations results in a relatively small decrease in the Patient Health Questionnaire-9 (PHQ-9) score by 0.37 standard deviations. Key self-reliance domains that improve mental health include food security and financial stability (financial resources and debt).
- **Resilience also predicts depression symptoms.** An increase in the resilience score by one-half a standard deviation is associated with a decrease in the PHQ-9 score by 0.07 standard deviations.
- **Women who reported feeling controlled by others exhibited higher levels of depression.** The feeling of being controlled by one or more people is significantly and strongly associated with greater depression symptoms.
- **There is no significant association between self-reliance and resilience.** When including the SRI domain scores in the regression analyses, the employment score is the only domain statistically significantly associated with resilience.
- **Participants who felt supported by their community had significantly higher resilience scores when controlling for other covariates.** Although the SRI includes a domain on social capital, this domain is not statistically significantly associated with

resilience, suggesting nuanced differences between having social capital and feeling supported by social networks.

This study underscores the critical role of household self-reliance in alleviating depression among forcibly displaced women in Colombia, particularly through improved food security, financial stability, and reduced debt. However, the absence of a significant association between self-reliance and resilience indicates that economic stability alone may not enhance the capacity to adapt to adversity. The findings also highlight the important impact of perceived control and community support on women's mental well-being, with feelings of control linked to higher depression levels and community support enhancing resilience. These results suggest the need for holistic interventions that address both economic empowerment and the social environments surrounding displaced women.

An Adaptive Targeted Field Experiment: Job Search Assistance for Refugees in Jordan

A Stefano Caria, Grant Gordon, Maximilian Kasy, Simon Quinn, Soha Osman Shami, and Alexander Teytelboym

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This paper **investigates the impact of active labor market policies aimed at assisting both Syrian refugees and local jobseekers in securing employment in Jordan**. Since the onset of the Syrian crisis, the Government of Jordan estimates that nearly 1.3 million refugees have entered the country, with approximately 660,000 of them registering with UNHCR.

The authors evaluate the effects of a field experiment implemented by the IRC, which provided participants with one of three types of support: (1) a small, unconditional cash transfer equivalent to about one month of average monthly expenditure; (2) information provision to enhance the ability to signal skills to employers; and (3) a behavioral nudge to boost job search motivation. A control group received only an informational flyer. These support types address three potential barriers—material, informational, and behavioral—that refugees and locals may encounter in finding and retaining employment.

The treatments were targeted at 16 distinct strata of refugees and local workers, categorized by nationality (Syrian, Jordanian), sex, educational attainment (high school, no high school), and employment history (never employed, ever employed). The program commenced in mid-February 2019 and concluded in December 2019. A total of 3,770 individuals were sampled, approximately evenly split between Syrians and Jordanians. Employment outcomes were measured through a rapid follow-up phone interview conducted six weeks post-treatment, and detailed follow-up surveys administered two and four months after treatment.

Main empirical results:

- **The immediate employment impacts of a small cash grant, information, and psychological support are minimal**. Six weeks after the start of the program, none of the interventions significantly increase employment for the average participant.
- **Targeted interventions increased employment by one percentage point (or 20 percent)**. While the difference in outcomes between the control and treatment groups is close to zero, the optimized treatment (offering the best possible intervention to each stratum) results in about a one percentage point increase in employment, indicating moderate short-term gains.
- **All interventions significantly boost job search activities among Syrians**. The cash transfer increases the proportion of Syrians looking for work two months after baseline by 6.1 percentage points (a 14% increase) and leads to 0.5 more job applications (a 40% increase). The information and nudge interventions raise job search rates by 5 and 4 percentage points, respectively, and significantly increase job applications by 35% and 54%.
- **Both the cash and information interventions improve Syrian refugees' labor market outcomes at the 2- and 4-month marks**. The cash intervention leads to a significant increase in employment rates (5.2 percentage points at 2 months and 3.6 percentage points at 4 months) and boosts earnings by 40% after 2 months and 65% after 4 months. The information intervention shows similar effects on employment and earnings at 2 months and generates a 40% increase in employment and a 55% increase in earnings at 4 months, though these are marginally insignificant. The nudge intervention has weaker and short-lived effects.
- **There are no positive effects of treatment on the Jordanian sample**. Jordanians have higher baseline expenditure, search at higher intensity, and find jobs faster than Syrians, potentially facing different job search frictions not addressed by the interventions.
- **Liquidity is a significant barrier to labor market access for refugees**. The cash intervention's impact on employment outcomes is driven by individuals with below-median expenditure at baseline, and there is a strong association between job-search intensity and baseline expenditure in the control group. Moreover, the cash intervention also boosts job retention and hourly wages after 4 months, suggesting that it enables jobseekers to find higher-quality, more stable, and better-paid jobs.

The findings **underscore the critical role of liquidity constraints in influencing employment outcomes**, as demonstrated by the significant impact of small unconditional cash grants, the strong correlation between liquidity and job search intensity, and the varied treatment effects based on liquidity levels. Nonetheless, **the positive job-search outcomes from the information and motivation interventions, which do not involve additional cash, suggest that liquidity is not the sole barrier for all refugees**. These results indicate that both informational and motivational factors also significantly hinder labor market participation, highlighting the need for a multifaceted approach to effectively support refugees in securing employment.

Self-reliance and Social Networks: Explaining Refugees' Reluctance to Relocate from Kakuma to Kalobeyei

Alexander Betts, Naohiko Omata, and Olivier Sterck

Journal of Refugee Studies, Volume 33, Issue 1 (2020), Pages 62–85

https://doi.org/10.1093/jrs/fez084

This paper **investigates why refugees are reluctant to move from the Kakuma refugee camp in Kenya to the new Kalobeyei settlement.**

Kakuma, established in 1992, is a traditional refugee camp characterized by a dependency on humanitarian aid and strict policies that limit refugees' freedom of movement and right to work. It hosts 180,000 refugees, primarily from South Sudan and Somalia, and has a thriving informal economy. In contrast, Kalobeyei, opened in 2016, is a hybrid settlement designed to promote self-reliance among both refugees and host communities. It offers market-based self-reliance opportunities, such as cash-based assistance programs and subsistence agriculture, and provides integrated services. Kalobeyei accommodates 38,000 refugees and 2,000 local Turkana residents.

The authors employ a mixed-methods approach, combining survey methods, semi-structured interviews, and focus groups conducted between September and December 2016. The survey data encompasses 1,976 individuals living in and around the Kakuma camp, including 461 refugees from South Sudan, 456 from Somalia, 439 from the Democratic Republic of Congo (DRC), and 605 Turkana residents from nearby villages. The questionnaire addressed various topics such as demographics, economic activities, income, assets, networks, social protection, and health, along with a specific module on perceptions regarding the new Kalobeyei settlement.

Main findings:

- **Refugees and local hosts are relatively well-informed about the Kalobeyei initiative**, with 87 percent of refugees and 71 percent of Turkanas having heard about it.
- **Despite being aware of the Kalobeyei settlement, most refugees are not interested in relocating there, even if land is provided.** Among those who had heard about the Kalobeyei settlement, only 7 percent of refugees expressed interest in relocating there. This percentage increases to 16 percent if agricultural land is provided.
- **A significant number of refugees prioritize maintaining access to existing opportunities and resources in Kakuma camp.** For many South Sudanese new arrivals, relocation to Kalobeyei is undesirable due to fears of losing access to social services (46 percent) and existing housing. Similarly, Congolese and Somali refugees are concerned about losing access to third-country resettlement opportunities if they move to Kalobeyei, with 43 percent of Congolese and 32 percent of Somali refugees reporting this fear.

- **Another major reason for reluctance to move to Kalobeyei is the potential disruption of communal-support networks in Kakuma camp**. Refugees in Kakuma rely heavily on their fellow refugees for daily food and petty cash, which are important sources of social protection. Friends, family, and community are cited as more important sources of social protection than international organizations, especially for emergency needs or daily food. Additionally, community networks provide economic opportunities as well as physical protection from Kenyan authorities.
- **Some refugees fear losing their existing income-generating means by moving to Kalobeyei.** Many refugee business owners in Kakuma are cautious about relocating, as they do not perceive Kalobeyei as an attractive market.
- **The provision of a plot of land for farming, a central pillar of self-reliance promotion in Kalobeyei, does not appear to be an attractive incentive for many refugees in Kakuma.** Refugees, especially those who have been in Kakuma for years, believe that commercial farming is not viable due to the arid climate, poor soil quality, and limited access to water.

The authors conclude that **social networks and access to important forms of social capital explain why many refugees in Kakuma decline the opportunity to relocate to the Kalobeyei settlement, despite its ostensibly greater opportunities for self-reliance**. The implication is that self-reliance must be conceived as going beyond a purely individualistic or economic perspective, to include an adequate recognition of the role of social networks and social capital within self-reliance.

The Costs Come before the Benefits: Why Donors Should Invest More in Refugee Autonomy in Uganda

Aziz Atamanov, Johannes Hoogeveen, and Benjamin Reese

World Bank Policy Research Working Paper (2024), No. WPS 10679

http://documents.worldbank.org/curated/en/099825401222436103/IDU16a019d351e7a014fca1a36d11e801ee4a2d0

This paper **examines the self-reliance of refugees in Uganda and estimates the savings in assistance resulting from their economic inclusion**. Uganda, which hosts over 1.5 million refugees as of 2023, is recognized for its progressive policies that integrate refugees into national systems and promote their self-reliance through economic inclusion. Despite these progressive policies, poverty among refugees (46 percent in 2018) was almost three times higher than among host communities (18 percent). Severe food insecurity affects about 70 percent of refugee households, while it impacts 50 percent of host households. And, despite access to land and income-generating opportunities, 54 percent of refugees remain dependent on aid.

The analysis is based on data from the Uganda Refugee and Host Communities Household Survey 2018 (RHCS), which is representative of the refugee and host population in the West Nile and Southwest regions, and the city of Kampala.

The authors estimate the costs associated with three scenarios: (1) a hypothetical “no economic opportunities” scenario assuming refugees do not earn any income, measured as the full value of the poverty line (using the daily international poverty line of US$2.15 in 2017 PPP transformed into 2022 prices); (2) a “current” scenario that accounts for the income earned by refugees, measured as the difference between the poverty line and pre-assistance consumption, representing the aid needed to lift the consumption of refugees to the poverty line; and (3) a hypothetical “full economic inclusion” scenario, measured by the current poverty gap of Ugandan hosts as a proxy for basic needs costs, assuming and average refugee has similar human capital, access to productive assets, and economic opportunities as an average Ugandan. The difference between (1) and (2) can be viewed as an economic inclusion dividend made possible by the prevailing refugee policies.

Additionally, the authors conduct a regression analysis to identify factors associated with the poverty gap (specifically, the consumption to poverty line ratio), controlling for variables such as region of residence, household size, age, sex, and literacy of the household head.

Main results:

- **On average, 47 percent of refugees' total consumption is provided by aid**. This share is significantly higher for the poorest refugees in the bottom quintile (61 percent) compared to the richest refugees in the top quintile (29 percent).
- **Under the "no economic opportunities" scenario, the overall cost per refugee would be approximately US$343**. For 1.5 million refugees, the hypothetical annual cost of basic humanitarian assistance would total US$515 million.
- **The current level of economic integration in Uganda reduces these costs by 43 percent to US$193 per capita, or US$290 million for 1.5 million refugees**. Costs of basic needs under the "current" scenario vary by region: US$10 in Kampala, US$140 in Southwest, and US$231 in West Nile, reflecting regional poverty levels. Annual savings in assistance between the no income and current scenarios amount to US$150 per refugee per year, totaling US$225 million.
- **Instead of receiving the full US$290 million in aid, refugees receive only half, US$145 million**. The post-assistance poverty gap for refugees is 28 percent, indicating an average annual shortfall in per capita consumption of US$97, or US$145 million per year for all refugees.
- **Costs under the hypothetical "full economic inclusion" scenario are much lower, at US$39 per refugee per year**.
- **Descriptive statistics suggest that better economic and social integration, and access to productive assets like land, are associated with lower costs for meeting refugees' basic needs.** Some groups of refugees have much lower needs for basic assistance than the average "current" scenario cost of US$193 including refugees who own land (US$149, 23 percent lower), refugees with more than 0.05 hectare per capita (US$113, 41 percent lower), refugees with a working head of household (US$167, 14 percent lower), refugees who have been in Uganda for three or more years (US$123, 37 percent lower), and refugees with children having Ugandan friends (US$176, 9 percent lower).

- **Regression analysis identifies several household characteristics significantly correlated with the consumption to poverty line ratio**. An employed household head, ownership of at least 0.05 hectare of land per household member, owning at least one plot, having refugee children with Ugandan friends, staying in Uganda three or more years, ownership of large cattle, the ability to borrow, and higher dependency ratios are associated with a lower poverty gap. The gender of the head of household does not affect the size of the poverty gap.
- **A comparison between refugees and Ugandan households shows that refugees lag in characteristics that narrow the poverty gap**. Refugees are less likely to have access to land, and if they do, they often have user rights rather than ownership. Most Ugandans have at least 0.05 hectare per capita, while most refugees have less. Refugee heads of household are less likely to work and be literate compared to Ugandans. And, refugees have higher shares of children and elderly in their households compared to Ugandans.

At present US$290 million of assistance is needed to lift all refugees in Uganda up to the international poverty line. Refugees do not receive this much assistance, with the authors estimating a shortfall of US$145 million. This underfunding leads to poverty and low consumption levels among refugees. The authors recommend increasing development-focused investments to enhance refugees' income-earning capacity, benefiting both refugees and the international community by reducing the need for humanitarian aid. Uganda's policy allowing refugees to work and access land has saved the international community an estimated US$225 million annually in aid. The authors suggest sharing this US$225 million 'inclusion dividend' with the host country.

Responsibility Sharing and the Economic Participation of Refugees in Chad

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This paper **estimates the potential savings in humanitarian aid if Sudanese refugees in Chad are able to realize their economic potential**. As of February 2024, Chad hosts over 1.3 million refugees, nearly 8 percent of its population, including more than half a million recent arrivals from Sudan. Chad’s legal and policy framework for refugees aims to promote local integration, avoid permanent refugee camps, and encourage self-sufficiency. Refugees have the right to own land, engage in formal employment and commercial activities, move freely, and access banking services. Despite these policies, most refugees reside in camps or “organized sites.”

Data for the analysis comes from the Enquête sur la Consommation des ménages et le Secteur Informel au Tchad (ECOSIT4) survey, which includes a representative sample of refugees and host communities, including Sudanese refugees and host communities in the east of the country.

The authors use the national poverty line of FCFA 684 per refugee per day as a benchmark for the minimum level of consumption needed to ensure a dignified life. They estimate the pre-assistance income earned by poor refugees as the average amount poor households consume net of humanitarian assistance. This represents an inclusion dividend or participation saving that arises when refugees are able to work. The poverty gap, estimated as the difference between the poverty line and refugees' pre-assistance income, provides an estimate of the humanitarian aid needed for refugees to meet their basic needs. Additionally, the authors estimate the factors influencing refugee income generation, and hence participation savings for Sudanese refugees, using a simple ordinary least squares (OLS) regression.

Main findings:

- **The prevalence of poverty among refugees is extremely high, with 80% living below the national poverty line.** This incidence rises to 83% when considering pre-assistance consumption. Poverty is also extremely elevated among host communities, with 70% of those within 5 km of a refugee camp (nearby hosts) and within a 15 km radius (distant hosts) living in poverty. This is significantly higher than the poverty rates for rural Chadians (50%) and the average Chadian (42%).
- **The poverty gap for refugees is very high**. Poor refugees have consumption levels that are, on average, 40% below the national poverty line. Without assistance, this gap would increase to 46% on average and 52% for the poorest refugees.
- **Only 12 percent of refugees live above the poverty line**. Only 12 percent of Sudanese refugees generate sufficient resources to have pre-assistance consumption levels exceed the poverty line.
- **Aid would need to increase more than six-fold to bring all refugees to the poverty line.** The international community provides 14% of the cost of basic needs as aid, while 54% is covered by refugees' self-generated income, facilitated by the Government of Chad allowing refugees to earn incomes. Refugees experience an average shortfall in consumption of 32% relative to the poverty line.
- **Chadians also face significant consumption shortfalls.** Chadian hosts face a 27% shortfall relative to the poverty line, with 40% unable to meet their minimum caloric intake. Rural Chadians have consumption that falls almost 15 percent short of the poverty line and 19 percent is unable to meet the minimum caloric intake
- **Regression analysis identifies several household characteristics significantly correlated with the consumption to poverty line ratio.** Larger refugee households experience a higher poverty gap, while higher education levels for the household head are associated with a lower poverty gap and higher income. Households with more dependents tend to have a larger poverty gap, earn less income, and require more aid. Human and social capital, such as connections outside the camp, are linked to reduced need for aid and higher incomes. However, access to land or livestock ownership does not significantly increase income for poor refugees due to low asset levels and returns.

- **A descriptive analysis indicates that the dependency ratio, human capital and social capital are the most important factors in reducing aid costs**. The dependency ratio is the most important factor in reducing the cost of basic needs aid for Sudanese refugees. Human capital, particularly achieving at least a primary education for the household head, significantly decreases aid costs by over 10%. Social capital is also important in reducing aid costs.
- **Economic integration of refugees reduces aid costs**. To meet the basic needs of all refugees, US$543 million per annum is required, assuming 1.17 million Sudanese refugees in Chad. The aid requirement reduces to US$437 million due to existing refugees earning incomes. If newly arrived refugees were as integrated as existing ones, the need for subsistence aid would drop to US$252 million. If all Sudanese refugees were fully integrated economically (i.e. on par with hosts), the need for assistance could potentially drop to US$89 million.

The authors argue that the most effective way to future-proof the refugee response is to enhance the ability of refugees to earn incomes. The authors recommend (i) increasing asset ownership among refugees; (ii) improving the overall economic environment for both hosts and refugees; and (iii) allowing refugees to move to areas with the greatest economic opportunities.

To finance this approach, the authors propose a system where international agencies initially finance the burden of assistance to refugees, while the host government grants refugees the right to work. As refugees begin to earn incomes over time, the need for consumption support decreases, allowing aid to be redirected. These savings should be invested in host communities to address any short-term frictions and to accelerate the restoration of refugees' productive potential, laying the foundation for even greater future savings. In the medium term, as the economy adapts and frictions dissipate, and as refugees become more financially autonomous, international agencies can gradually reduce their financial support, aligning it with the remaining needs.

Using Poverty Lines to Measure Refugee Self-Reliance

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This paper **proposes a novel approach to measuring refugee self-reliance, grounded in global poverty measurement, that focuses on self-earned income**. The measure captures the ability to meet physiological and basic material needs independently of aid.

A refugee is considered self-reliant if their self-earned income exceeds the locally relevant poverty line. Earned income includes wages from employment and earnings from self-employment, and excludes gifts (either in-kind or cash) from humanitarian agencies and other sources, as well as remittances from non-refugee family members. The self-reliance indicator is expressed as the average incidence of self-reliance among the refugee population. The 'self-reliance gap' measures the shortfall in refugee incomes, expressed as a fraction of the poverty line, needed to achieve self-reliance for all refugees. Refugee earned income is approximated by subtracting humanitarian assistance from refugee consumption, assuming negligible net savings and borrowing, while considering remittances as part of self-earned income.

The authors test this approach using 11 microdata sets covering refugees (and in most cases host communities) in Bangladesh, Chad, Colombia, Costa Rica, Ethiopia, Jordan, Kenya, Lebanon, Niger, West Bank and Gaza, and Uganda.

Main results:

- **Poverty among refugees is high, especially in low-income countries.** Refugee poverty exceeds 60% in all examined countries, reaching 75% in Ethiopia. Poverty incidence among refugees is lower in middle-income countries, varying from 50 percent in Kenya (a lower middle-income country) to 24 percent in Costa Rica (an upper -middle income country).
- **Host community poverty is often high, sometimes exceeding refugee poverty rates**. For example, in Kakuma, Kalobeyei, and Dadaab, host poverty is higher than refugee poverty.
- **The aid received by poor refugees varies between countries**. Poor refugees in Ethiopia receive 32% of the poverty line in assistance, while those in Niger receive only 9%. In Kenya and Jordan, refugees receive 17-18% of the poverty line, whereas in Costa Rica and Colombia, they receive only 2%.
- **Aid reduces poverty among refugees significantly**. The contribution to poverty reduction is greatest in Jordan, where refugee poverty reduces by almost half, from 59 to 32 percent. In contrast, the impact is minimal in Niger, with a reduction of 7 percentage points, and in Costa Rica and Colombia, with reductions of 2-3 percentage points.
- **The efficiency of aid in reducing refugee poverty varies widely.** In Chad and Niger, US$1,012 reduces poverty by 1 percentage point, while in Ethiopia, Colombia, and the West Bank and Gaza, three times more money is needed to achieve the same reduction.
- **Refugees are generally less self-reliant than their hosts.** In Uganda and Ethiopia, only 14-15% of refugees earn an income above the poverty line, compared to 75% and 63% of hosts, respectively. The gap in self-reliance is smaller in Costa Rica and Colombia.
- **Self-reliance is higher in urban areas, such as Addis Ababa and Kampala, compared to camps.** In Nairobi, where refugee work freedoms are restricted, self-reliance is noticeably lower. In Jordan, self-reliance is higher in the capital city, Amman, than in the camp-based settings of Azraq and Zaatari.
- **There is significant variation in self-reliance across camps**. Only 4% of refugees in Ethiopian camps are self-reliant, compared to 39% in Dadaab, Kenya. Self-reliance is lower in isolated camps, such as Azraq, compared to those near population centers, like Zaatari.

- **Self-reliance is negatively correlated with aid**, indicating that more aid is provided in areas with severe restrictions on refugees' ability to work and earn a living**.**
- **Self-reliance is far more likely to reduce refugee poverty than aid**. Income earned by refugees exceeds aid received, challenging the common perception that refugees are passive recipients of aid. Additionally, despite significant amounts of aid being spend on refugees, aid is insufficient (on average) to bring refugee to or above the global poverty line. In low-income countries, refugee incomes need to increase by 62% to reach the poverty line, while aid would need to increase by 115%. In middle-income countries, refugee incomes need to increase by 17%, whereas aid would need to increase by 221%.

The analysis reveals that refugee self-reliance is influenced by several factors. Location and economic environment are key, with refugees in middle-income countries and urban, non-camp settings being more self-reliant due to greater economic opportunities. While some labor market restrictions do not significantly impact self-reliance, an inability to work severely impairs it. The analysis also demonstrates that aid and self-reliance are inversely correlated; higher aid levels are found where refugees are less self-reliant, and lower aid levels where they are more self-reliant.

The authors conclude that since aid and refugee self-earned incomes are substitutes, governments that encourage refugee self-reliance should receive more aid. This would allow reallocating resources from humanitarian to development purposes, benefiting both refugees and hosts. Refugees would gain financial autonomy and self-reliance, while hosts, who often face high poverty levels, would also benefit. Investments in the development potential of hosting regions would increase the incomes and self-reliance of both refugees and hosts.