



Learning from the Evidence
on Forced Displacement:

Forced Displacement and Jobs

November 15, 2023

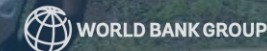


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Building the Evidence on Forced Displacement



Joint Data Center
on Forced Displacement



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UNHCR
The UN Refugee Agency

A photograph of a refugee camp. The scene shows a dirt road lined with makeshift structures made of corrugated metal and wood. Some structures have blue tarps covering them. In the foreground on the right, there is a small stall with a blue tarp roof, displaying various items like clothing and produce. Several people are walking along the dirt road. The sky is overcast with grey clouds. The overall atmosphere is one of a temporary and crowded settlement.

**Jobs impacts of
forced displacement
for hosts and refugees**

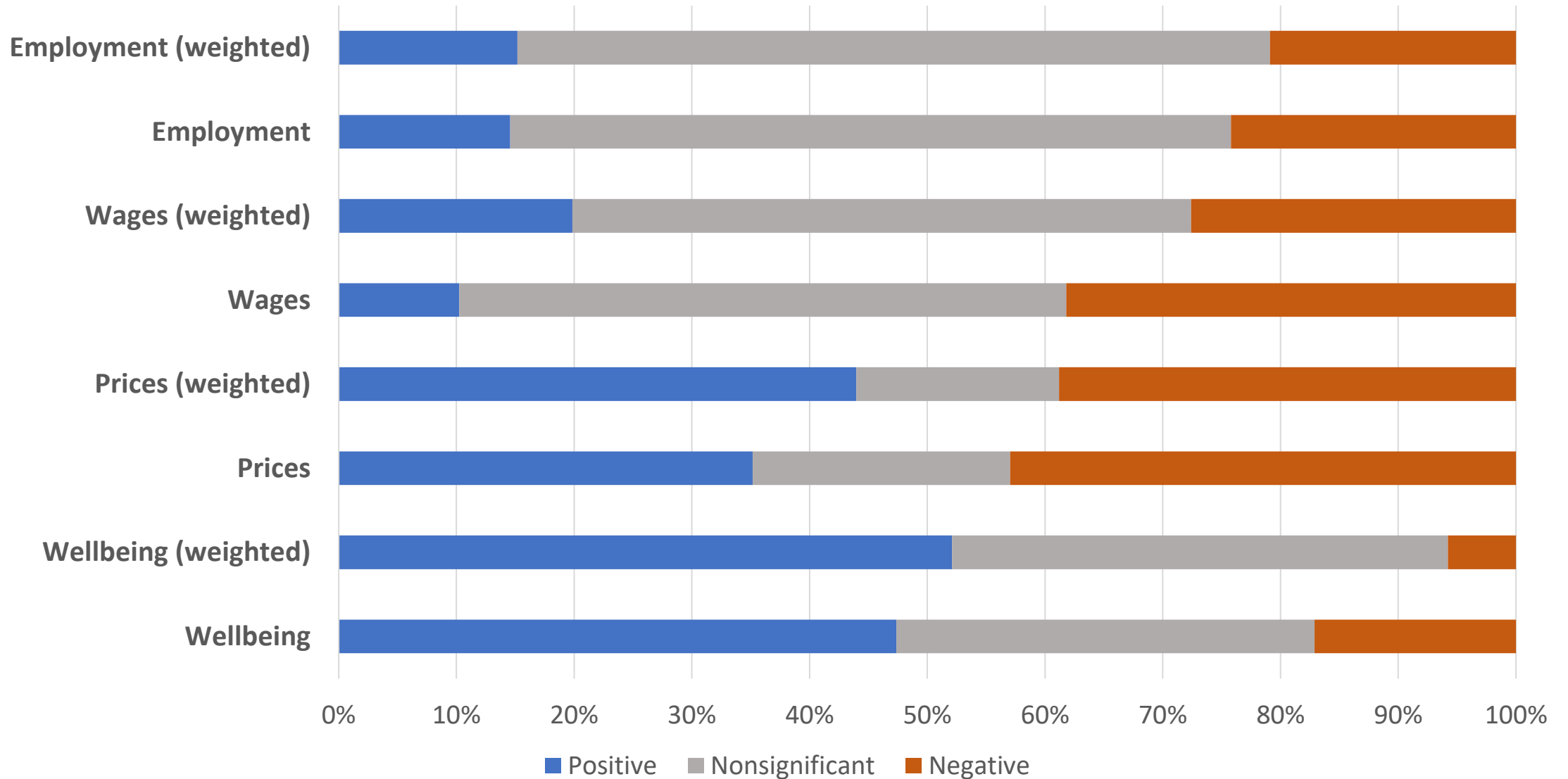
Photo by Josh Zackary



**The impacts on hosts
and forcibly displaced
workers –**

What do we know?

Evidence from meta-analysis



Source: Verme and Schuettler 2021.

Evidence on refugee & IDP outcomes and constraints

→ In most settings, **refugees have worse labor market outcomes than hosts**, due to **specific constraints** they face.

→ Not all constraints are equally relevant in each setting (more on this below)

Constraint	Who is affected
Lack of skills	Affects hosts as well, albeit less strongly
Lack of labor demand	
Lack of language proficiency	Affects economic migrants as well, albeit less strongly
Lack of social networks and information on labor markets	
Uncertain or short time horizon	
Legal challenges and discrimination	
Lack of assets	Affects mainly those forcibly displaced
Lower levels of health; Higher prevalence of depression & PTSD	
Risk aversion	



Case study:

The labor market impact of forced displacement:

Jobs in host communities in Colombia, Ethiopia, Jordan, and Uganda

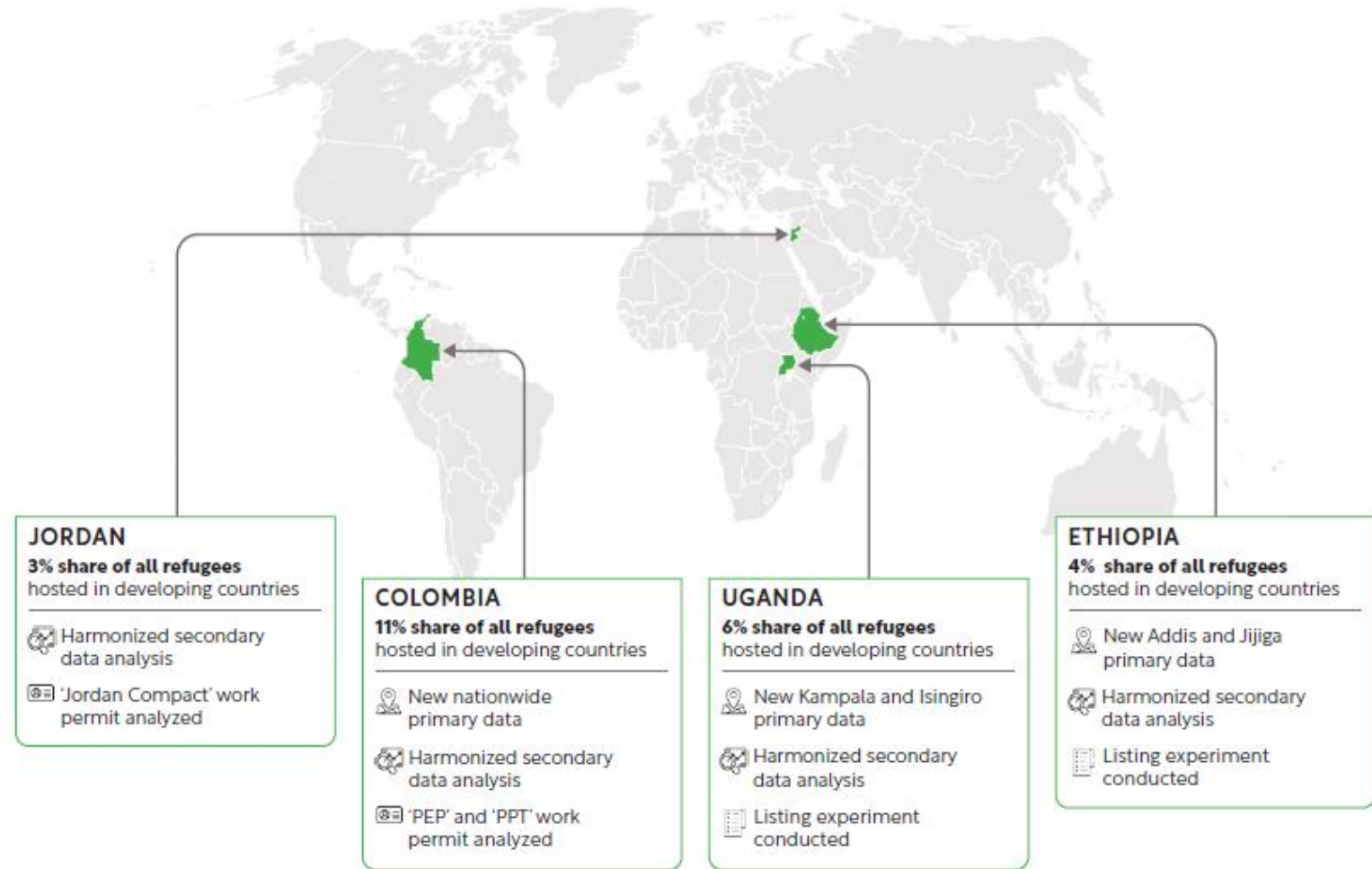
Jan von der Goltz, Kirsten Schuettler,
Julie Bousquet, Tewodros Aragie Kebede

Focus of the study

- Provide systematic empirical evidence on impacts across contexts and on how **impacts vary with economic structure and policy**.
- Collect and analyze data on hosts and refugee workers **side-by-side in the same labor markets** to help understand impacts.
- Gather experimental evidence to analyze how **labor market competition shapes hosts' perceptions** of refugees.

FIGURE 1

Analysis and data collection for this report



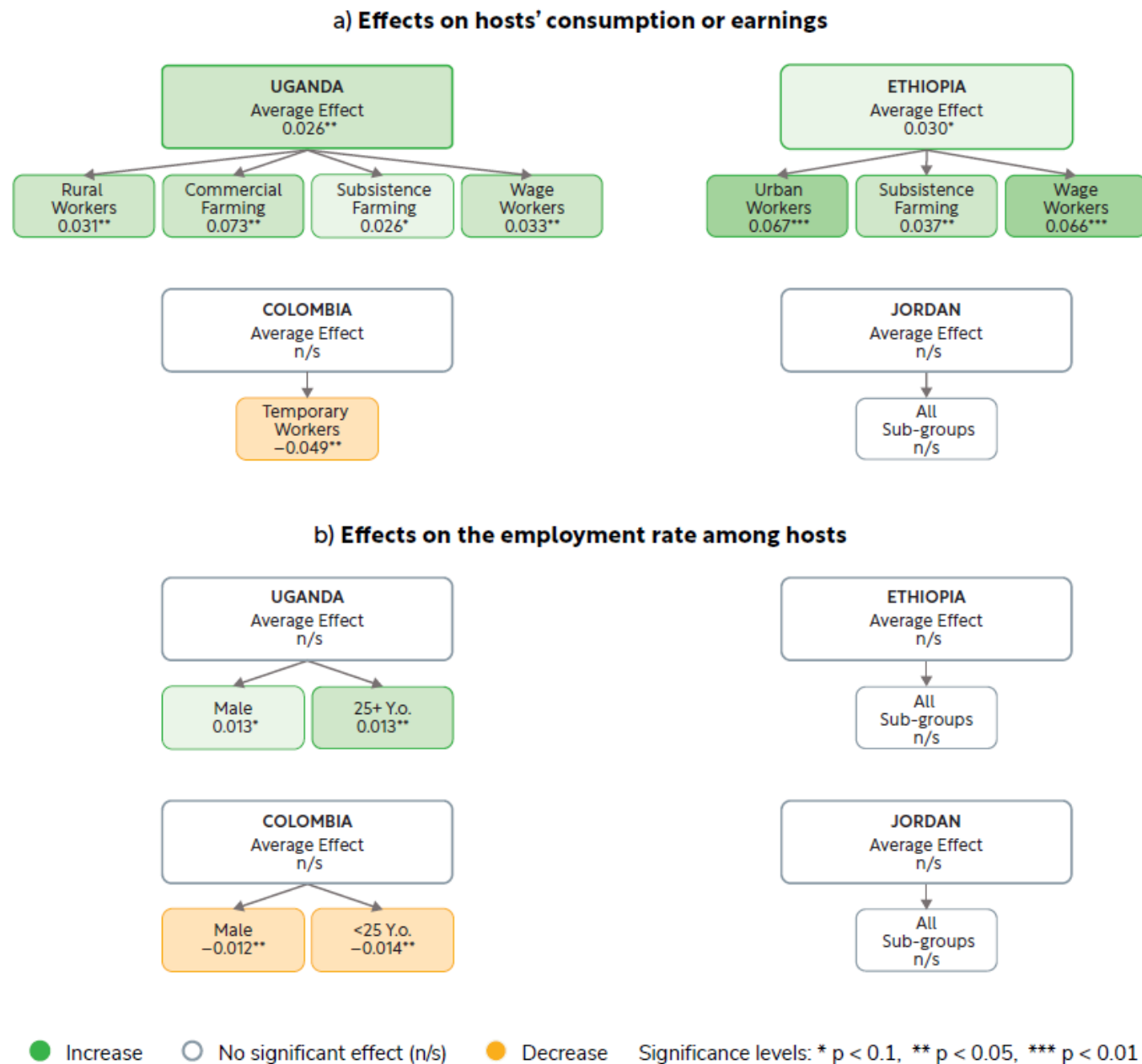
Together, the four countries account for nearly one in every four (24%) refugees or other people in need of international protection who live in low or middle-income countries.

Impact on job outcomes in host communities

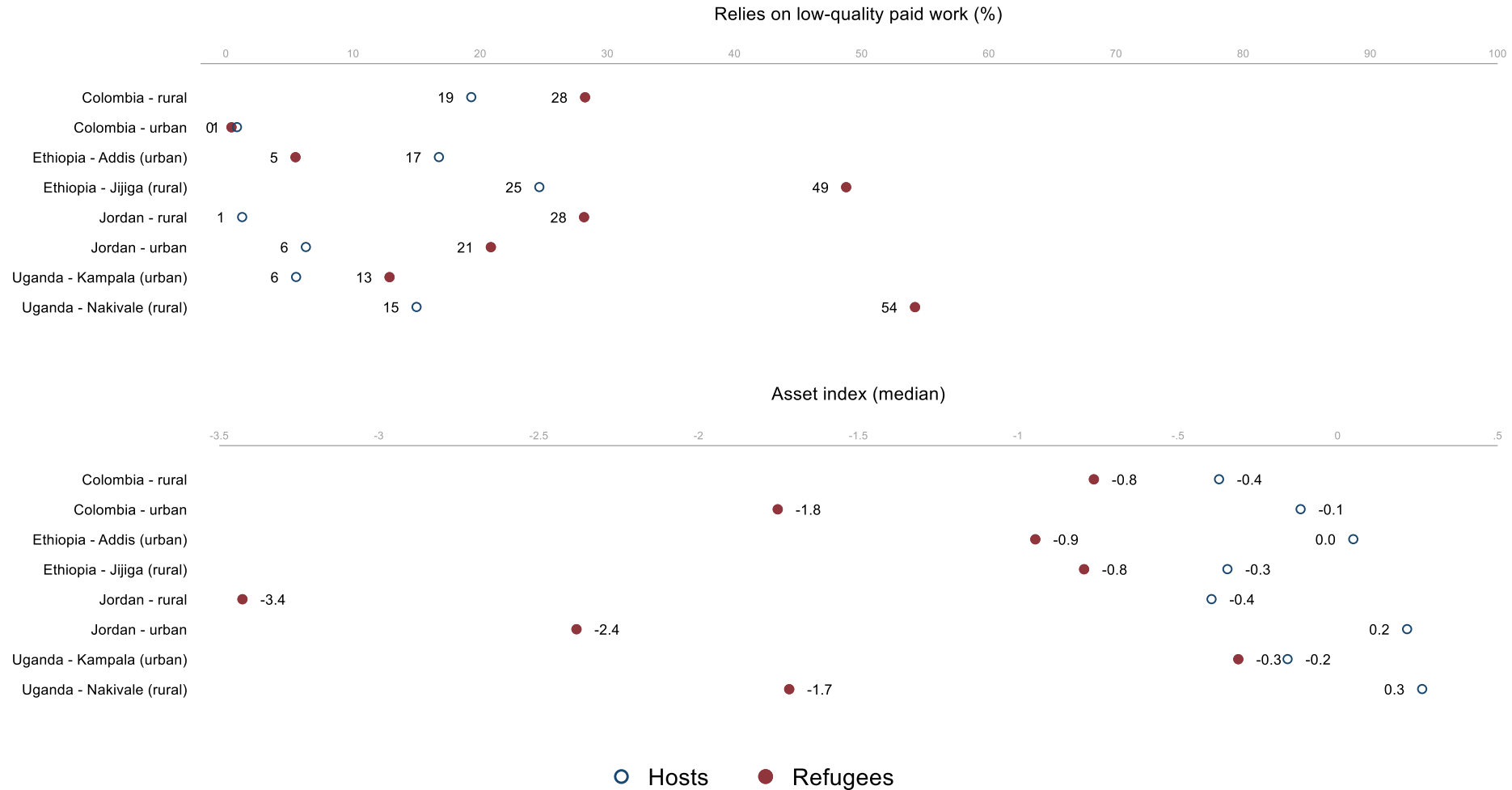
- In the four countries studied, the **overall labor market effects of hosting refugees are modest or even positive.**
- However, **some host country workers can be adversely affected** even as others enjoy new opportunities.

FIGURE 2

How does forced displacement affect job outcomes for hosts?



Employment Quality and Wealth Among Refugees and Hosts

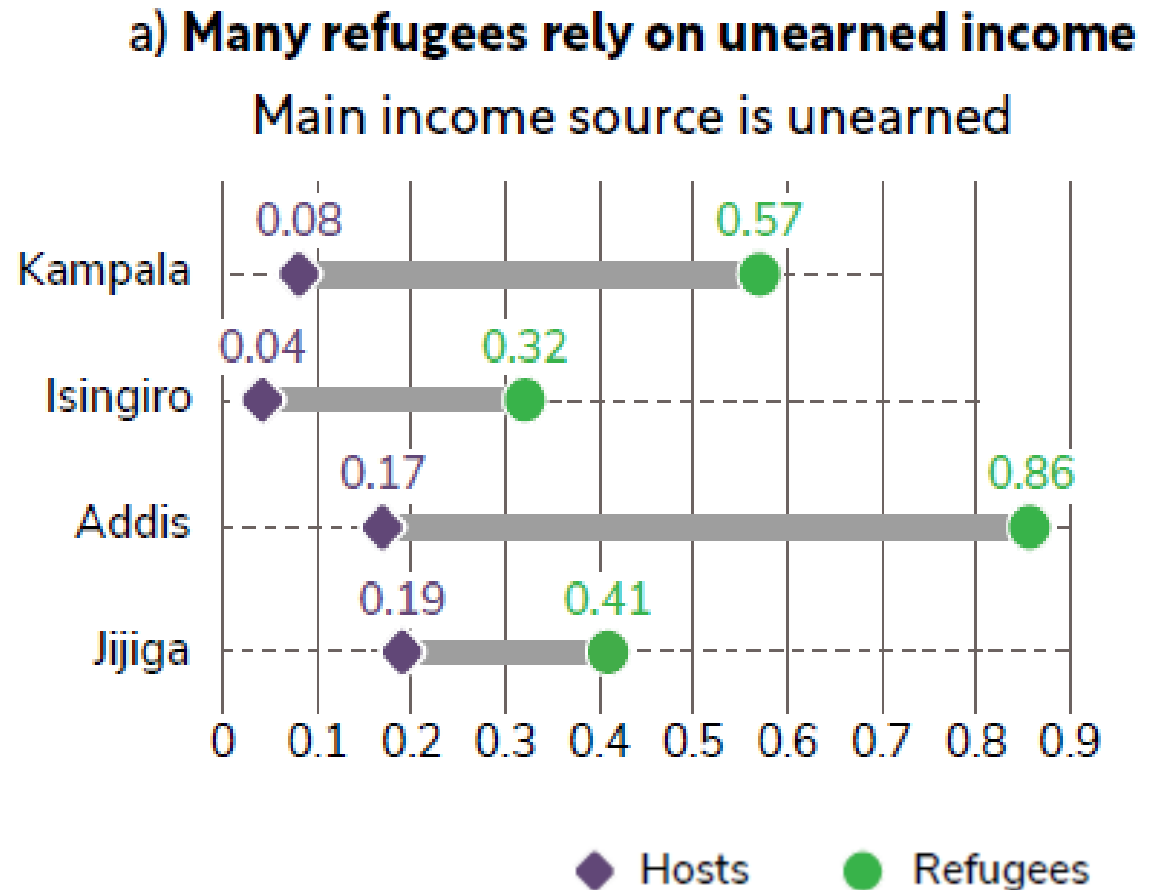


Across a range of different labor markets, refugees have worse job outcomes

Note: data and methods further described in World Bank (2022). Relies on low-quality paid work: household draws most of its income from daily labor, among households that rely on earned income. Asset index: factor index computed from household's ownership of durable goods and housing characteristics. Index computed separately for urban and rural areas to account for different asset classes.

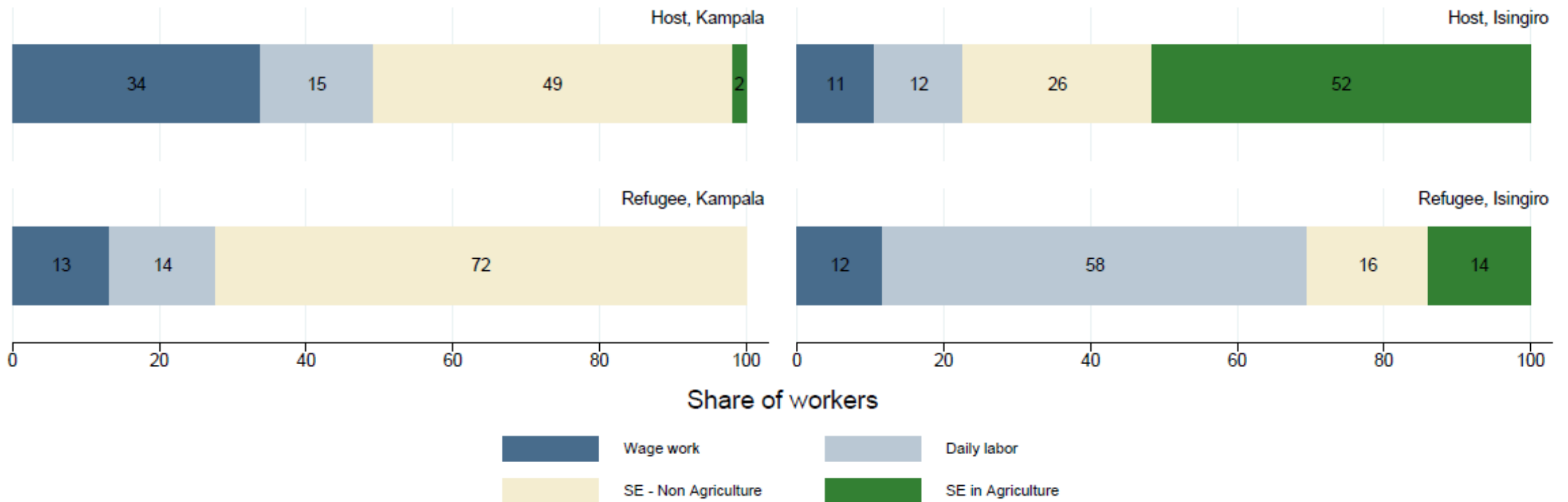
Impacts on hosts depend on refugees' role both as workers and consumers

- Even in restrictive policy environments refugees **work**, notably if they are not able to access sufficient financial support.
- Conversely, even in liberal policy environments, many refugees depend on **unearned income** and are purely consumers.



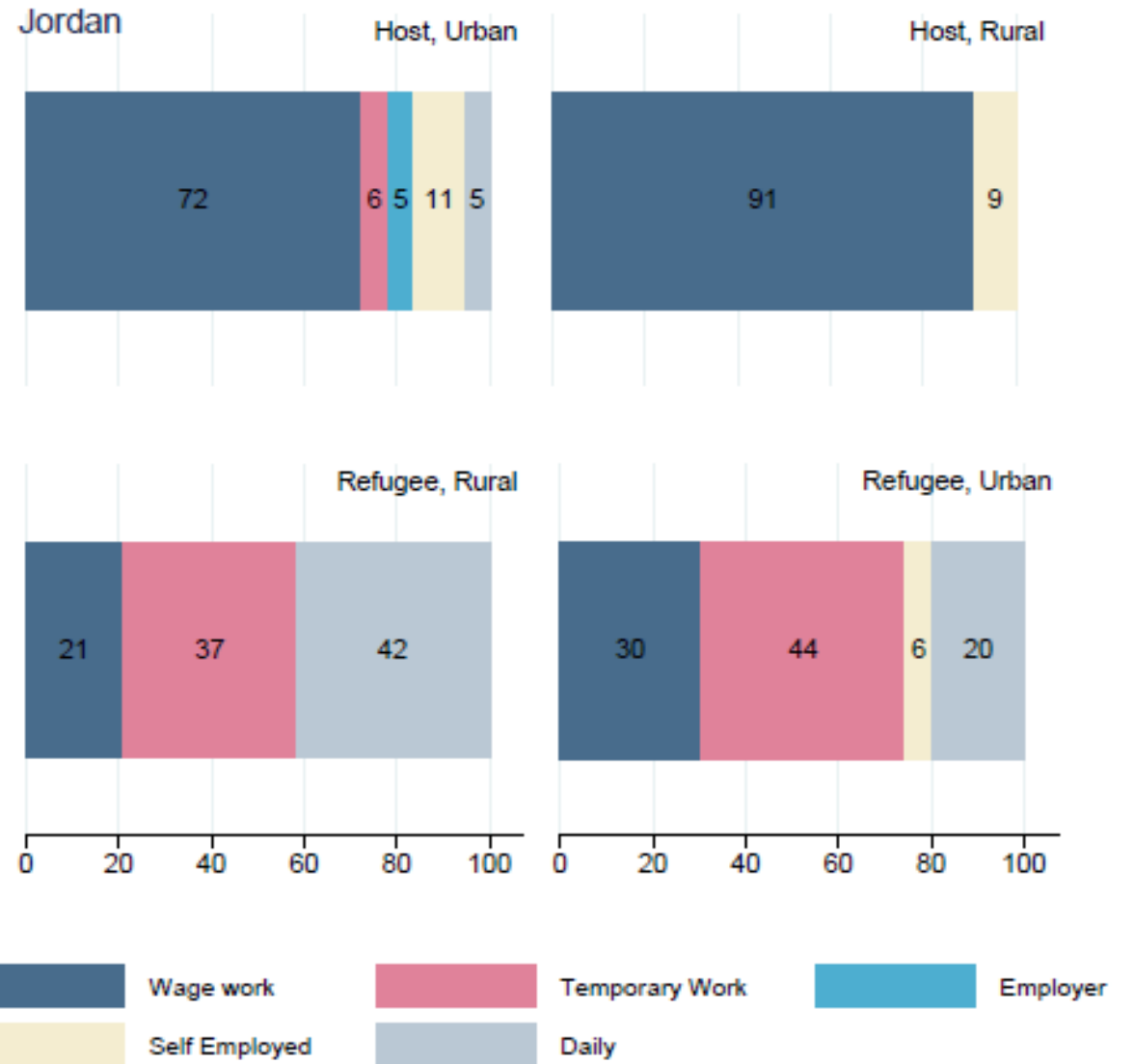
Labor market conditions shape refugee participation and impacts on hosts

Share of workers by type of work in communities in Uganda

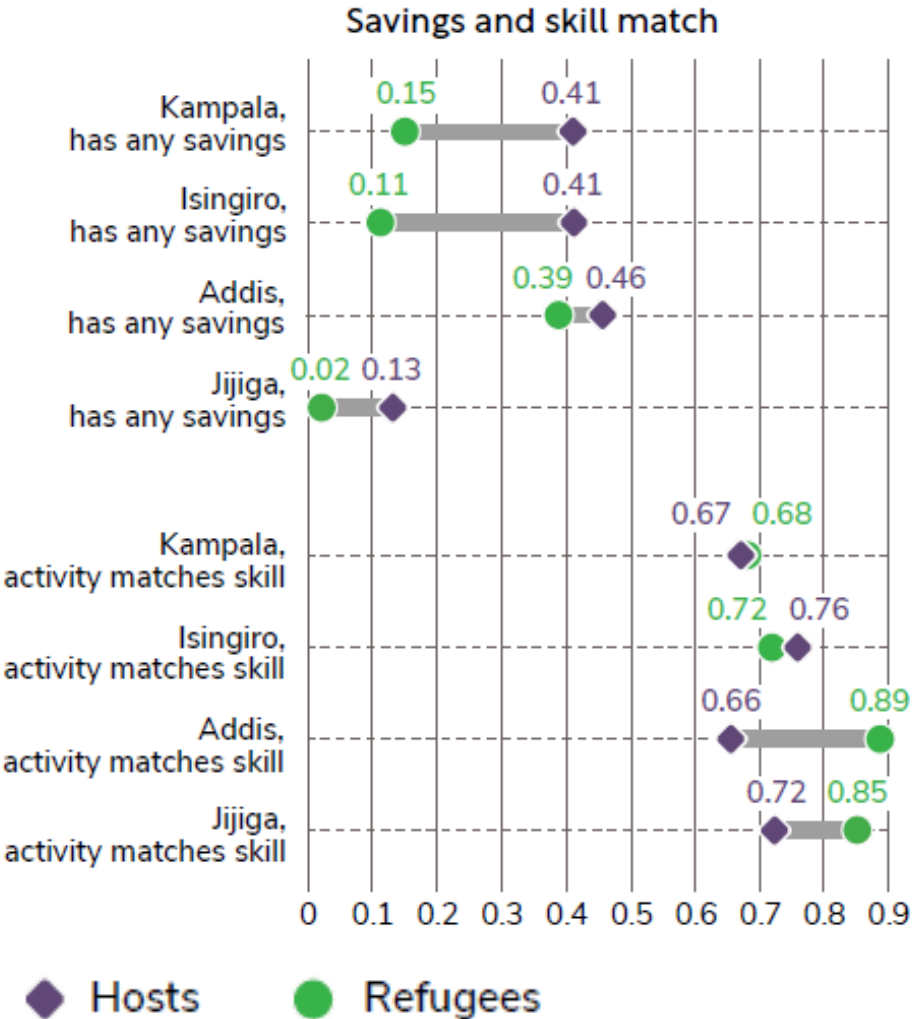


Labor market conditions shape refugee participation and impacts on hosts

Share of workers by type of work in Jordan



Refugees' assets and skills may both matter – but not equally in every environment



- In many host economies, most people engage in self-employment and household market activities. In such labor markets, **access to capital and land is critical** for refugees, who often lose assets during displacement.
- In the meantime, **refugees bring a demand boost to local consumer markets** that can offer important opportunities for self-employed host workers. Policies should support them in seizing these opportunities.
- **In lower-income economies, it can be difficult for refugees to bring skills that complement those of hosts** since economic activities are less diversified.
- In these environments, **refugees' job outcomes depend on access to capital and refugees' traditions, networks, and perceptions** more than skills.

An analytical approach to assessing the impact of forced displacement on jobs for hosts

Guiding considerations:

- Assess opportunities, not just competition.
- Be realistic about the kinds of jobs hosts currently rely on, and do not overlook informal and casual work.
- Keep in mind that many refugees will work even in restrictive environments, but many will be inactive even in permissive ones.
- Do not underestimate the potential for change in local markets, but do not overestimate the potential for change in the overall economy.



Key question	Analytical steps
What kinds of jobs do hosts rely on?	<ul style="list-style-type: none">- Consider all income-generating activities, not just full-time, waged, or formal work.- Basic indicators: income level, sector of work, type of work, level of engagement.- Disaggregate for important labor market groups: gender, age, urban and rural localities, localities that host large and smaller numbers of refugees.
What is the likely impact of displacement on local market demand for goods and services?	<ul style="list-style-type: none">- How important is the number of refugees relative to local market size?- To what degree will refugees participate in the market (mobility and ability to access markets, reliance on food aid, access to earned and unearned income and savings)?- Distinguish between traded and non-traded goods and services:- are local markets in refugee-hosting areas integrated or likely to be supplied by local producers?
How are refugees likely to engage in the labor market?	<ul style="list-style-type: none">- Remember that self-employment is in many developing economies likely to be a key type of job.- Consider jobs refugees may look for: job profiles in home countries, jobs other migrant groups take, jobs hosts with similar profiles take.- Consider constraints: <i>de facto</i> policy restrictions, capital access as a constraint on self-employment, language barriers. Skill matches with common jobs in the host country.- Consider the scale of the likely shift in labor demand, relative to the size of the labor market.
What constraints do hosts face in seizing opportunities and adapting to competition?	<ul style="list-style-type: none">- Barriers to benefiting from additional market demand, including poor access to capital, land scarcity, poor availability of inputs, competition from imports.- Barriers to adapting to greater competition: capital constraints, skills, barriers to mobility, information.



Consider how different policy choices would change the picture

A framework for thinking through job impacts for hosts

Impacts of interventions facilitating refugee and IDP labor market inclusion



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Oxford Policy
Management

Support types and their effectiveness (1/2)

Intervention Type	Specific challenges addressed	Number of studies	Quality of studies	Tendency of findings
Repeated transfers	<ul style="list-style-type: none"> Loss of assets and income Lack of social networks 	Green	Green	Green
One-off transfers (grant or credit)	<ul style="list-style-type: none"> Loss of assets Lack of labor demand 	Green	Red	Gray: Promising when combined with other interventions
Vocational, business and other skills training, and recognition of skills	<ul style="list-style-type: none"> Lack of skills 	Green	Red	Gray: Mixed; more promising when combined with other interventions
Language training	<ul style="list-style-type: none"> Lack of skills Lack of social networks and information on labor market 	Gray	Gray	Green: Promising, if well-designed and combined with other interventions
Healthcare and psychosocial support	<ul style="list-style-type: none"> Physical and psychological health 	Green	Green	Green

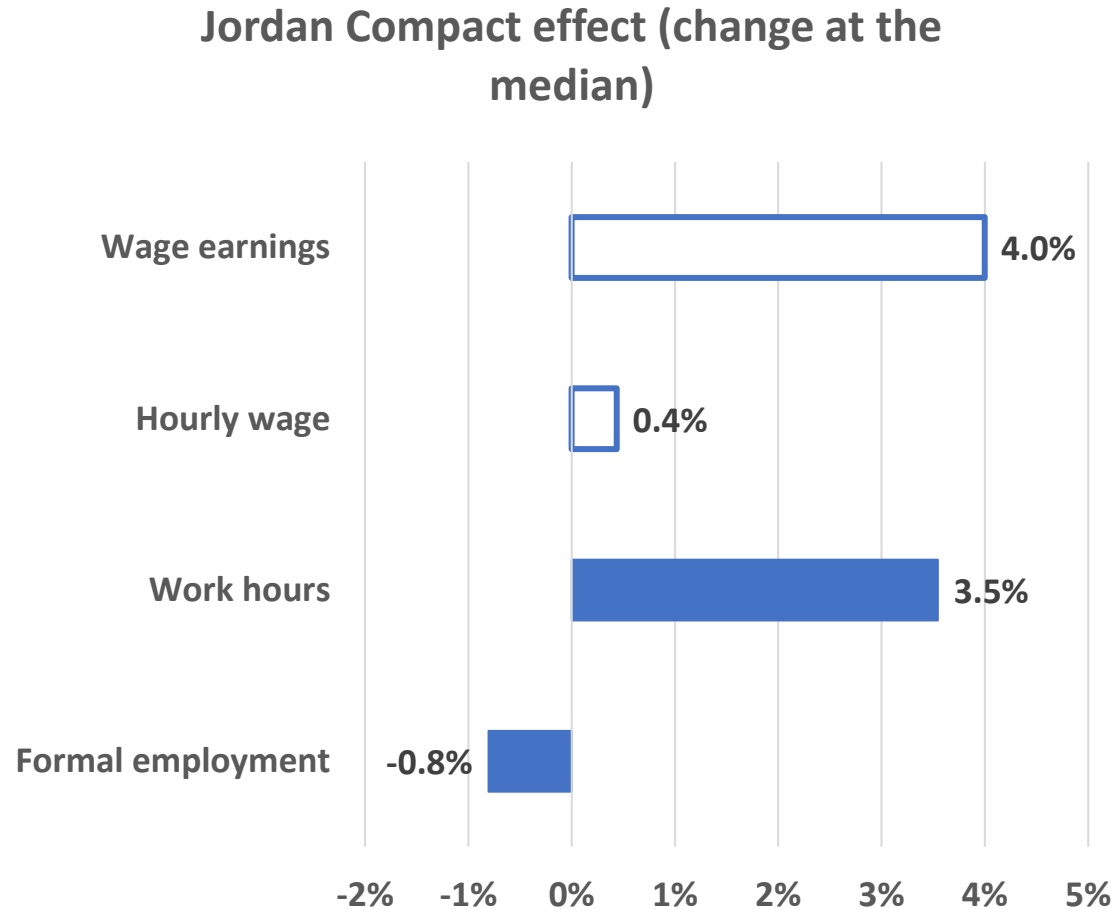
Support types and their effectiveness (2/2)

Intervention Type	Specific challenges addressed	Number of studies	Quality of studies	Tendency of findings
Job search assistance, matching and coaching	<ul style="list-style-type: none"> Lack of social networks and information 			Mixed
Wage subsidies	<ul style="list-style-type: none"> Lack of skills Lack of social networks Lack of labor demand 			Promising but evidence limited to high-income settings
Subsidized public sector employment	<ul style="list-style-type: none"> Loss of assets Lack of skills Lack of social networks Lack of labor demand 			
Access to markets / value chain interventions	<ul style="list-style-type: none"> Lack of social networks and information Lack of labor demand 			Promising
Improve legal framework and information about rights	<ul style="list-style-type: none"> Legal challenges 			



Many new RCT results will soon be published!

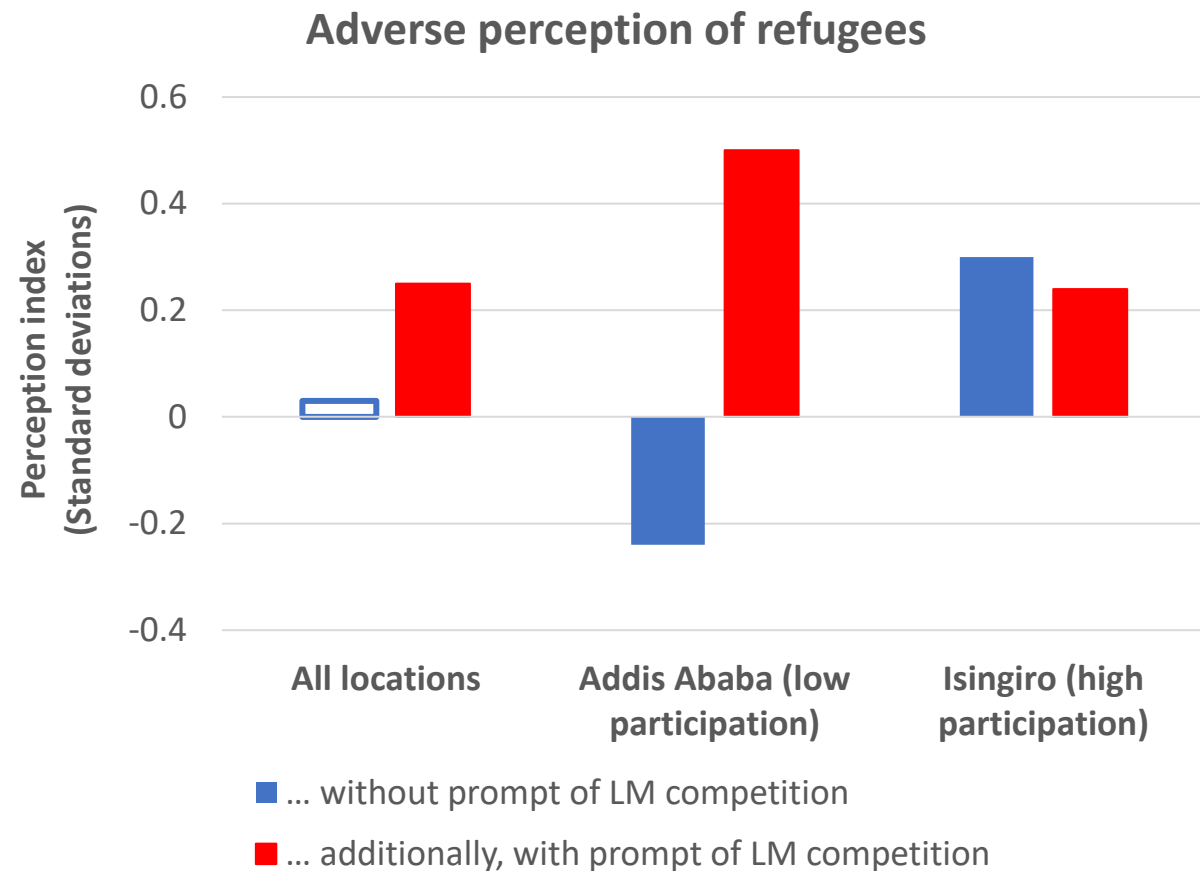
Work permit policies in Colombia and Jordan had small effects on hosts



Source: Bousquet and Maystadt (forthcoming).

- The *Jordan Compact* is estimated to have had **small effects** on wage earnings and formal employment.
- Some evidence of **upgrading within the agriculture sector**, and of shifts toward sectors closed to refugees.
- Analyses of the PEP and PPT programs in Colombia similarly found small effects.
- However, the PPT program in Colombia is estimated to have **raised refugee earnings by one-third**. (Among those who did not have other permits before.)

Experimental evidence shows that worries about labor market competition shape hosts' views



Source: Bousquet et al. (forthcoming).

- Data collected in four labor markets in Ethiopia and Uganda.
- No bias among hosts toward refugees **without a prompt** suggesting labor market competition (across localities).
- Bias toward refugees rises significantly with the suggestion of **labor market competition**.
- This is the case both in a locality with high and one with almost no refugee labor market participation.
- Actual competition and **worries about competition** both matter for perceptions.

Some implications: policy for better outcomes for hosts

- Hosting displaced workers can make winners and losers, but with **economy-wide benefits or net-zero effects**, those who lose out can be compensated.
- The arrival of displaced workers presents **opportunities that deserve policy attention** as much as competition does.
- **Distributional impacts** (usually) do not begin with changes to the policy regime – but they may shift as policy changes.
- Structural changes in host communities reflect a **‘move toward opportunity’** that policy could seek to support.
- The **food sector** may often be well-positioned to provide additional opportunities in host communities.

Some implications: policy for better outcomes for refugees

- The **characteristics of the host labor market** are critical in informing effective policy, so that support enables hosts and refugees to seize real labor and product market demand.
- Refugees are likely to face substantial **capital constraints**, limiting the ability to establish and succeed in self-employed activities.
- Skill and **skill matches** may play a role in helping refugees do better in their working lives, but perhaps not in obvious ways – policy needs to be based on a careful assessment.
- In labor markets with significant formal employment and vigorous labor demand, **work permits** are likely to be an important tool in promoting better outcomes for refugees.
- Even where they do not increase access to formal jobs in practice, work permits can greatly benefit refugees – but **complementary policies** will likely be needed.
- Both **development investments** in host communities and **effective messaging** on the place of refugees in the labor market could help lessen adverse views among hosts toward displaced workers.

UNHCR Case Studies

Presented by:

- **Damalie Zalwango**, Associate Development Officer, Uganda
- **Africa Coromoto Sanchez Briceno**, Associate Durable Solutions Officer, Mexico City, Mexico

Employment in Uganda

Context

- Population of refugees is appx 1.56m
- Working age population 40%
- Policy in Uganda is enabling for refugee employment
- 29% of refugees in Uganda actively working compared to 64% of host communities
- Uganda has experienced a slowdown in economic growth since 2015
- Non recognition of refugee qualifications from places of displacement
- Many of these accept employment opportunities below their skill level, education and pre-displacement occupation
- Higher number of refugees earn less than nationals with similar skill-set

Examples

Apprenticeship program for 77 refugees leading to job placements in hotels in Uganda.

- Success linked to prior brokering with government (MoLG) to link refugees to existing program within Ministry of Labor and Uganda Hotel Owners Association.

Business and entrepreneurship training for 10 refugees in Nakivaale involving technical vocational training with access to initial seed funding and linkages to markets.

- Obstacles to success of self employment include remoteness of refugee settlement affected linkage to other markets, weak local economy, and lack of access to business development services, sustainability quite difficult.

Inclusion and sustainable integration of refugees and asylum seekers in México



UNHCR provides individualized local integration support including bus transfers to ten reception cities, job placement, school enrolment, access to housing, and psychosocial support throughout the first year of the local integration process.



Upon relocation, the average gross salary earned by participants amounts to 340 USD per month and, based on an analysis of payslips, the current tax miscellaneous and the calculation of participants' contributions to the social protection system (IMSS), is estimated that on average each participant contributes:

- 32 USD Income Taxes (ISR)
- 24 USD in Value Added Tax (VAT)
- 8 USD in contributions to the Mexican Social Security Institute (IMSS)

Tax contribution

30,000 refugees included in the formal economy annually generate **8 million USD** in tax contributions

Cost Effectiveness of Jobs Support in Conflict and Forced Displacement Contexts

**Virginia Barberis, Laura Brouwer, Jan von der Goltz,
Mira Saidi, Kirsten Schuettler, and Karin Seyfert**

Study: <https://openknowledge.worldbank.org/entities/publication/d393208f-eb80-5b96-a03e-8a7fba4d75d0>

Blog: <https://blogs.worldbank.org/jobs/how-much-does-it-cost-support-jobs-conflict-and-displacement-contexts>

Motivation

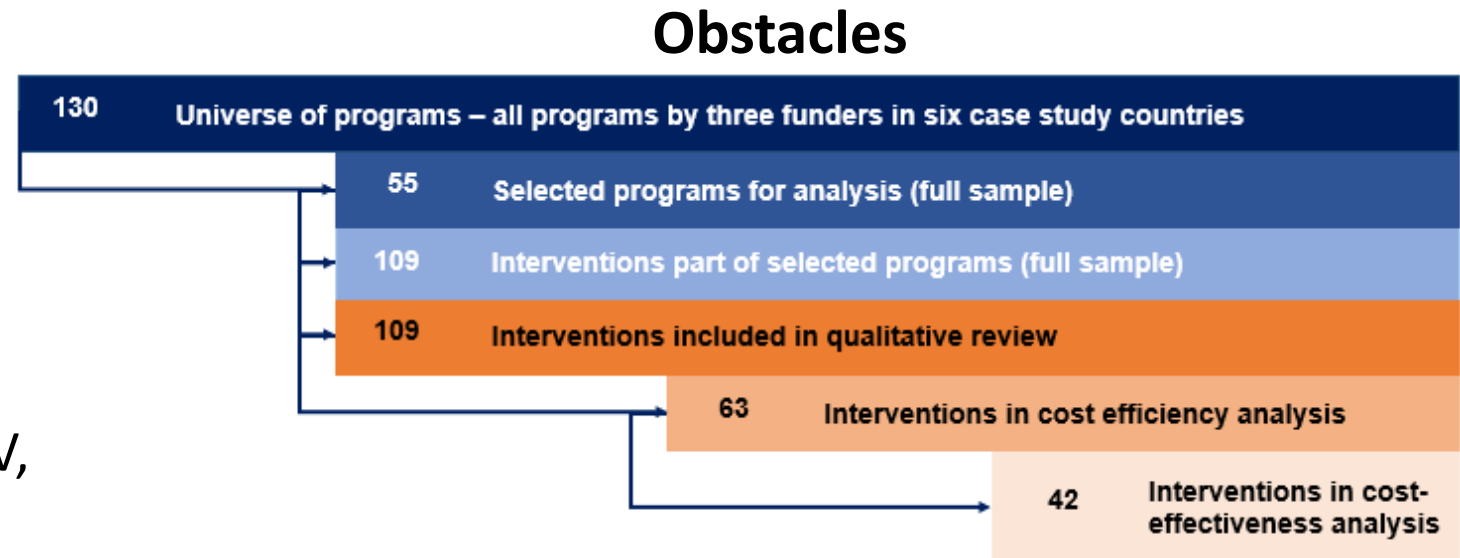
In Niger, an estimated **37,000 youth received some jobs support each year** over the 2007-2017 period. This is equivalent to only **7.5% of the 500,000 annual entrants** to the labor force.

Refugees remain **displaced for over ten years** on average. **85% are hosted in LIC and MIC.**

- Through impact evaluation, **we have started to build some knowledge on what works in supporting jobs in FCV and FD** (a bit more evidence in the former, still less in the latter).
- **We rarely pay attention to the cost of support:**
 - *“Too many programs and evaluations ignore the denominator in cost-effectiveness calculations.” (Blattman and Ralston, 2017)*
- While important everywhere, **cost-effectiveness matters especially in FCV/FD given enormous needs.**

Cost of Job Support Study – Design

- **Data collection by Oxford Policy Management** from project documents and key informant interviews;
- **Six countries:** Iraq, Jordan, Kenya, Lebanon, Mali, South Sudan;
- **Covering:** FD/non-FD, FCV/non-FCV, LIC/MIC;
- **Three agencies:** UK FCDO, UNHCR, World Bank;
- Look at all types of **individual-level jobs support**;
- Grouping projects into **stylized job support approaches** and interventions targeting the same beneficiaries.



- **Measuring cost is difficult**, perhaps more so than one might assume.
- **Reporting is not geared toward assessing cost** per output or outcome.
- There is still **very limited reporting on outcomes**, much less IE.

Cost per beneficiary – cost efficiency

- **Inform project planning:**
 - Illustrate potential scale;
 - Make incremental cost visible.
- The **range of costs within jobs modalities** is very large.
- Individual-level **capital or Access to Finance (A2F) projects tend to spend much less than training projects** per beneficiary.
- **Support to firms spends 75 times what projects spend per individual beneficiary (at the median).**
- The **cost of business support depends strongly on the size of direct transfers**, which in turn depends on the type of business supported.

Individual-level support	Median	N	Minimum	Maximum
Capital support or access to finance	\$135	9	\$37	\$834
Job matching and brokerage	\$180	4	\$35	\$499
Value chain support	\$188	8	\$20	\$2,569
Labor intensive public works	\$392	5	\$180	\$1,735
Training	\$683	15	\$33	\$3,234
Firm-level support	Median	N	Minimum	Maximum
Capital support and A2F	\$27,226	9	\$3,308	\$835,038
Value chain support	\$137,798	2	\$122,450	\$153,146

Cost per job or dollar of additional income – cost effectiveness

Cost per job	N	Median
Public works	5	\$392
Job matching and brokerage (+)	4	\$3,340
Capital support and access to finance +	3	\$4,103
Training	4	\$4,653

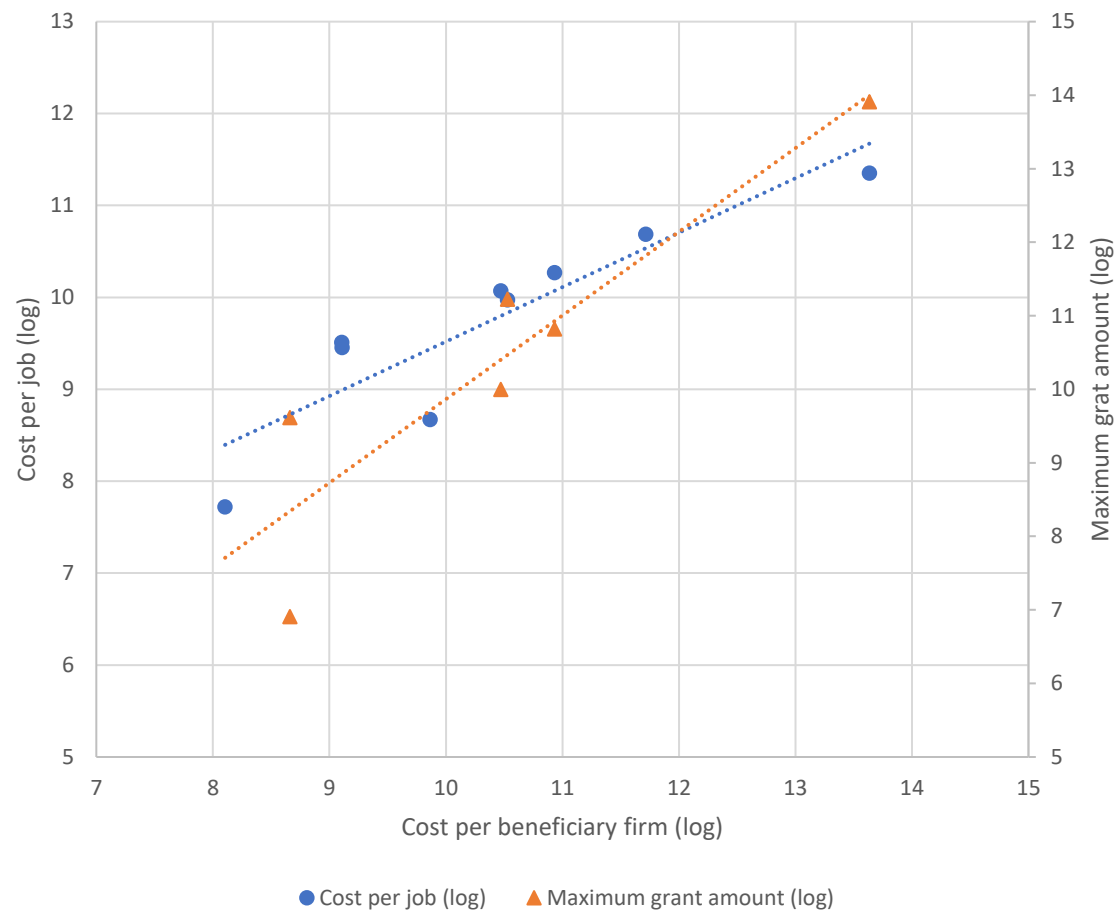
Cost per \$ additional income	N	Median
Capital support and access to finance	3	\$0.30
Value chain interventions	3	\$2.03

- A ‘job’ does not mean the same thing across project types – need to view numbers in context.
- **Capital support and training** would both **break-even within about five years** – if beneficiaries would not otherwise have a job.
- **Productivity support** can expect to **break even more rapidly**.

Cost per job – support to businesses

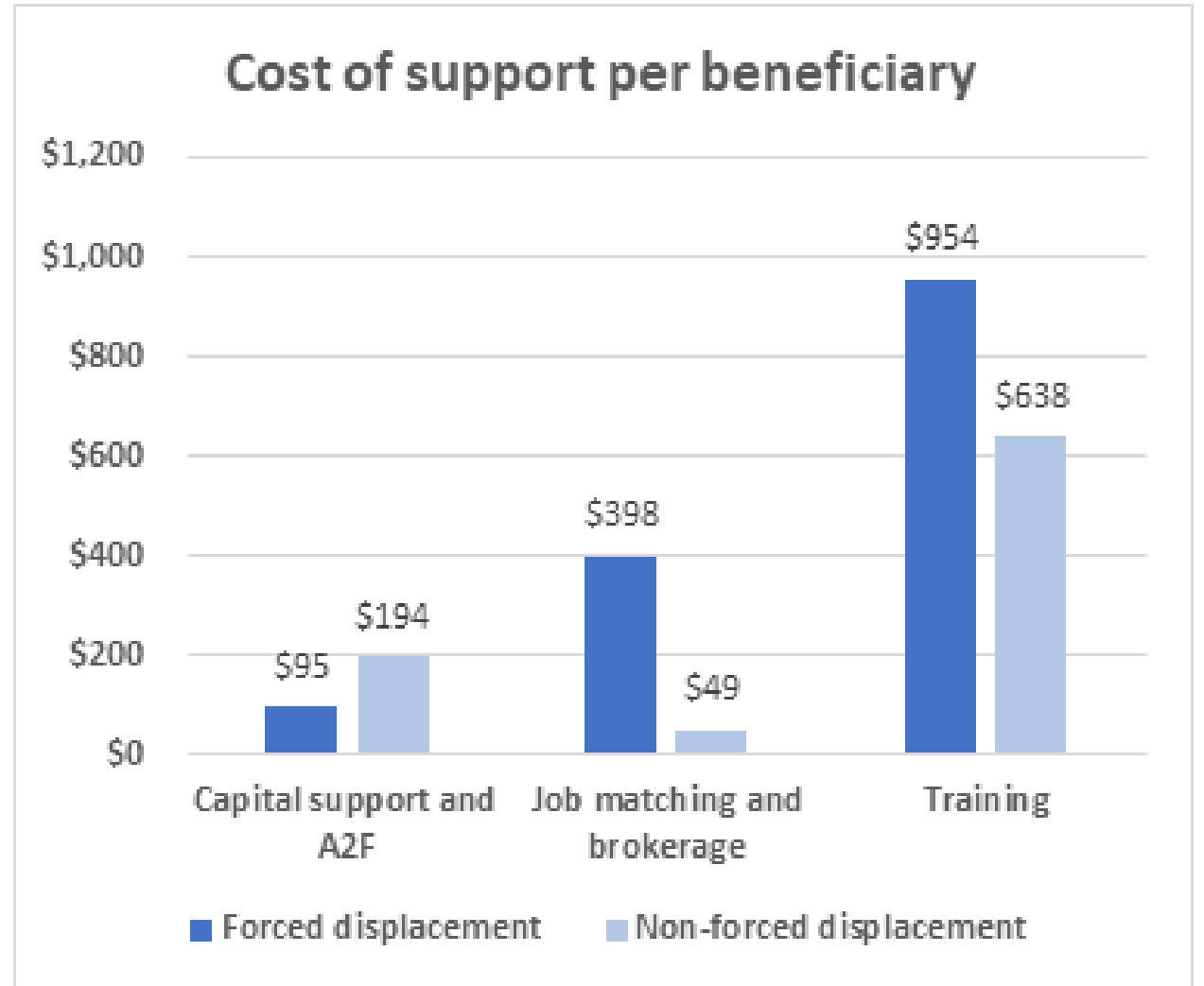
- **Median cost per job is about \$14,000** across 13 interventions.
- **Job quality and growth matter for the odds of breaking even.**
 - Projects would typically break even if they sustain employment for 2-5 years and pay at least minimum wage.
 - If they pay instead the median income per worker, they typically break even if they sustain employment for about a decade.
- **Projects that provide larger grants per business have higher cost per job.**
- **Cost per job is higher in VC-oriented projects** due to ancillary objectives.

Grant amounts correlate with spending per firm and cost per job



What's different in FCV and forced displacement settings?

- **Spending per beneficiary is lower for capital support** than training across contexts
- **FCV/FD settings favor simplicity in capital/A2F projects** working with individuals or businesses (and lower ambition).
- But **FD settings drive complexity in training projects** (and matching), further widening the cost gap between the two.



Implications

- To assess expected cost effectiveness ex ante, consider what assumptions are sensible on jobs and income in terms of their:
 - Productivity (also – externalities and ancillary benefits);
 - Additionality; and
 - Sustainability.
- Closely scrutinize the case for jobs support through training;
- Combining interventions increases costs per beneficiary (\$135 for capital support, \$973 combined with other services) – need to open black box;
- In capital support to business activities, consider the merits and cost implications of working with firms of different size and capacity.
- In monitoring and evaluation, keep clear track of cost per beneficiary and cost per outcome.

Implications for FCV and FD

- In FCV, macroeconomic instability, insecurity and low capacity increase implementation costs.

Therefore, keeping objectives simple and using context-appropriate tried and tested designs may help keep down cost (including unforeseen overruns).

- In FCV, providing large investments for firms might not be cost-effective to create jobs or generate wage benefits.
- Restrictions on labor market access of those FD have negative impact on cost-efficiency and effectiveness of jobs interventions.

Therefore, work on the legal framework can promote cost savings.

References

- Barberis, Virginia; Brouwer, Laura; von der Goltz, Jan; Hobden, Timothy; Saidi, Mira; Schuettler, Kirsten; Seyfert, Karin. 2022. Cost-Effectiveness of Jobs Projects in Conflict and Forced Displacement Contexts. Jobs Working Papers;No.72. Washington, DC: World Bank. <http://hdl.handle.net/10986/38450>
- Von der Goltz, Jan, Kirsten Schuettler, Julie Bousquet and Tewodros Aragie Kebede. 2023. Labor Market Impacts of Forced Displacement. Jobs in Host Communities in Colombia, Ethiopia, Jordan, and Uganda.
- Schuettler, Kirsten; Caron, Laura. 2020. Jobs Interventions for Refugees and Internally Displaced Persons. Jobs Working Paper;No. 47. World Bank, Washington, DC. <http://hdl.handle.net/10986/33953>
- Verme, Paolo, and Kirsten Schuettler. 2021. The Impact of Forced Displacement on Host Communities: A Review of the Empirical Literature in Economics. Journal of Development Economics, 150. [doi: 10.1596/1813-9450-8727](https://doi.org/10.1596/1813-9450-8727).
- Benrey, Laura and Nessa Kenny. 2023. Evidence for Responding to Displacement A Scoping Review of Rigorous Impact Evaluations. Innovations for Poverty Action. <https://poverty-action.org/evidence-responding-displacement-scoping-review-rigorous-impact-evaluations>

Blog posts

- [How much does it cost to support jobs in conflict and displacement contexts?](#)
- [Labor market integration of refugees and internally displaced persons: The behavioral and socio-emotional side](#)
- [Forced Displacement: How does it impact host communities?](#)
- [Refugees' right to work: Necessary but insufficient for formal employment of refugees](#)

Thank you



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