Improving Labor Market Opportunities for Refugees in Uganda

Abstract

Refugees and asylum seekers often struggle to find jobs in their host countries, even when they have unrestricted right to work. This is especially true in low-income countries, home to the majority of the displaced populations in the world. Firms may be reluctant to hire a refugee due to a possible belief that a refugee has lower productivity or is more costly to screen compared to a local worker, and language barriers and other information frictions may affect refugees’ job search behavior and attaining a job. In Uganda, researchers are evaluating the effect of a short-term internship and skills certifications on firms’ beliefs and willingness to hire refugee workers.

Policy Issue
More than 26 million people globally have been displaced from their homelands as a result of war and ethnic, tribal, and religious violence, and into new countries with unfamiliar economic and social landscapes. Eighth-six percent of refugees migrate to developing countries, most often to neighboring countries. Host countries often have limited resources to accommodate a population influx, which can strain economic integration efforts in turn. As a result, refugee job-seekers are often forced into navigating employment and other opportunities in their new home without assistance. Consequently, they have a higher likelihood of unemployment and poverty than locals. Refugees may also contend with unwelcome attitudes and discrimination from companies, the local population, and government policies that discourage hiring refugees, which can further compound the toll from the economic challenges they face.

Removing labor market participation barriers is instrumental in generating greater economic and social opportunities for refugees. This project builds on previous research, buoyed by the UNHCR and OECD’s support of such efforts to probe the impacts and mechanisms behind economically integrating refugees into local labor markets. This study is the first to examine the effect of correcting information frictions that prevent the private sector from employing refugees.
Context of the Evaluation

Mariam (Ugandan) and Sifa (Congolese) work together in a beauty salon. Sifa started working in the salon as part of the research project, and she stayed there as a regular employee. © Mariajose Silva-Vargas

More than 1.5 million refugees call Uganda their temporary or permanent home. Nearly 90 percent of displaced people come from the neighboring countries of the Democratic Republic of Congo and South Sudan. By Ugandan law, refugees are granted unlimited freedom of movement and the right to work; this includes an exemption from a work permit requirement. For this reason, many refugees settle in Kampala and other urban centers where there is increased access to employment opportunities stemming from the diverse array of sectors and markets present. However, young adult refugee job-seekers, including those with high levels of education, often have difficulty finding employment, resulting in the highest rates of unemployment. Refugees with secondary education have a 43 percent unemployment rate—nearly four times the unemployment rate for locals—and those with some college education have a 35 percent unemployment rate—double the local unemployment rate.

Details of the Intervention
In Uganda, researchers are partnering with the Young African Refugees for Integral Development (YARID) to randomly evaluate the impact of a one-week internship and skills certifications on firms’ beliefs and willingness to hire refugee workers. The researchers match firms active in some manufacturing and service sectors with a refugee job seeker that has a certificate from a practical skills test.

The program is being implemented in Kampala and focuses on job seekers between 18 and 30 years old. Participants include 800 refugee job seekers, 400 Ugandan job seekers, and 542 firms with at least one vacancy and open to hire refugee workers for a one-week unpaid internship. Refugee workers will be divided into the following groups:

- **Internship and skills certificate at end of intervention**: Refugee workers are offered a one-week internship at a firm and receive their skills certificate at the end of the intervention.
- **Internship and skills certificate at end of internship**: Refugee workers are offered a one-week internship at a firm and receive their skills certificate issued by the Directorate of Industrial Training at the end of their internship.
- **No internship**: Refugee workers are not offered a one-week internship and will receive their certificates at the end of the intervention.

Afterwards, the researchers will then randomly divide the firms into different groups.
Conditional on their willingness to hire the workers they are shown, firms will be randomly selected to receive a short-term subsidy to hire the refugee worker.

- **Randomly assigned a refugee worker**: Firms are randomly assigned a refugee worker to them for a one-week internship.
- **Assigned a refugee worker with skills certificate knowledge**: Firms are assigned a refugee worker for a week-long internship knowing that the refugee has a certificate from the Directorate of Industrial Training.
- **No refugee worker**: Firms do not work with a refugee worker.

Following the intervention’s one-year-long implementation, the researchers implemented a survey to assess its impact on whether firms interviewed or hired at least one refugee and on changing firms’ and locals’ attitudes towards refugees’ participation in the labor market.

**Results and Policy Lessons**

Research ongoing; results forthcoming.

**Sources**


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