

UGANDA KNOWLEDGE BRIEF

USING SOCIOECONOMIC DATA TO PROMOTE EMPLOYMENT SOLUTIONS FOR REFUGEES IN UGANDA

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Empowering young refugees and local youth with job skills at the Sweswe vocational training centre in Kyaka II Refugee Settlement, south-west Uganda © UNHCR/Duniya Aslam Khan

EXECUTIVE SUMMARY

Between 1992 to 2013, the percentage of Ugandan households living in poverty was halved. Despite the tremendous advances in poverty reduction, a recent economic slowdown and a sharp increase in youth entering the workforce have contributed to weak growth in the labour market. It is against this backdrop that the country's more than 1 million refugees seek their livelihoods.

Just 29 percent of refugees in Uganda are actively working versus 64 percent of host communities. Even after considering differences in age, gender and education, refugees are 35 percentage points less likely than Ugandan nationals to be employed. This is more than double the 17 percentage-point employment gap between refugees and nationals in Europe (Fasani, Frattini, and Minale 2018). A more recent study confirmed that refugee employment levels in Uganda are surprisingly low compared with Ugandan nationals or with refugees in neighbouring Kenya (Betts and al. 2019).

Significant gaps also exist for labour force participation and unemployment rates among refugees in Uganda. Working-age refugees are 27 percentage points less likely to participate in the labour market than host community members (42 percent and 69 percent, respectively) and 24 percentage points more likely to be unemployed (31 percent and 7 percent, respectively). This is particularly true among youth (age 14-25 years), where 50 percent of refugee males and 41 percent of females are unemployed, compared to 14 percent of Ugandan males and 16 percent of females.

These trends persist even after the initial years of displacement. While employment rates for refugees demonstrate some convergence relative to nationals, significant differences remain a decade after arrival.

Working refugees are more likely than employed host community members to be poor – in part due to differences in wages received for similar skilled jobs. Among the working population, refugees are 1.75 times more likely than host community members to fall below the poverty line. They earn on average 32 percent less than Ugandan nationals with similar education.

Many refugees accept employment that is below their skills level, education and pre-displacement occupation. Such professional downgrading is widely visible, especially among those with higher levels of education. Possible reasons include a lack of recognition of refugee qualifications and poor transferability of skills and professional experience. Discrimination, inconsistency and cost of compliance with local regulations as well as employers' lack of information about the legal status of refugees have also been shown to contribute (Loiacono and Vargas 2019; Chang 2018). This overeducation of refugees is costly to individuals and firms as well as to the Ugandan economy more generally. Implementing policies to address these mismatches can have positive impacts on refugees' contribution to the Ugandan economy.

For both refugee and Ugandans, younger people face more barriers to employment than older individuals, though refugee youth experience more than three times higher unemployment rates than nationals – 44 percent of refugee youth versus 14 percent of national youth are unemployed. Idle unemployed youth can lead to negative societal outcomes such as alcohol and drug abuse, higher rates of teenage pregnancy, and other extremist behaviour including violence. The negative consequences of extended unemployment and inactivity in early careers include financial hardship and lower employment as well as lower long-term earnings prospects.

Contrary to established findings on the returns to education in employment, the education level and employment rate are inversely related for both refugees and the host community, a phenomenon known as the puzzle of the educated unemployed. Among host community members, those who have secondary education levels and some tertiary education have the highest unemployment rate of 11 percent and 17 percent, respectively. Like hosts, refugees with secondary and some tertiary education have the highest unemployment rates – at 43 percent and 35 percent, respectively. These findings indicate the importance of economic policies towards encouraging skilled job growth in Uganda to address unemployment for those with higher education.

While refugees with higher education are more likely to be unemployed, they are also more likely to be searching for a job and participating in the labour market. Further we find that for both refugees and Ugandans, higher education levels are associated with better employment outcomes. For refugees, paid employment is shown to increase with higher education levels, especially for people who have completed secondary education or higher. As such, it is essential to address risk factors to completing school and improve the low transition rate from primary to secondary school. The transition is limited by a number of factors, the main ones being poor performance on the primary school leaving examination that is required to start secondary school; and additionally, the fact that teachers often hold students back from taking this exam so that they will not fail, which can lead to dropout among students due to declining motivation from lack of advancement. One solution is to assist students in increasing the rigour of exam preparation by providing additional courses and materials. The financial burden of school fees and the opportunity cost of attending school – that youth cannot work to supplement the household income – are additional constraints, especially for refugees. Granting both tuition and conditional cash transfers to families of students who pass the primary school leaving exam would help support refugees at risk of not transitioning.

Critical to improving secondary school completion rates is making sure there is sufficient supply of schools, including in areas that host refugees. Further, existing secondary programmes for refugees have very limited math and science curriculum, which narrows academic choices and in turn, career options and lifetime earnings potential in related fields. There is a need to build infrastructure and facilities that will enable math and science classes and attract teachers to less desired locations by exploring, with the government, the potential for increasing incentives nationally. Likewise, there is a

need to advocate for more safe boarding facilities, especially for girls, to overcome issues relating to distance of school from home and associated threats of violence when walking to and from school.

With COVID-19 causing school closures, specific actions to support the education of girls are needed as families are more likely to ask girls to work or enter early marriages leading to increased dropout rates. Sustained efforts by UNHCR and partners are needed to support second chance education programmes. Promoting the continued use of radio programmes for classes, even after schools reopen, and expanding digital learning in these low resource and low connectivity contexts will ensure students are able to maximize their learning. Non-financial incentives should be explored for teachers to improve motivation and the quality of teaching in refugee settlements, including potentially room and board and other associated transport, as well as endowments or funds for teachers to design curriculum.

To improve education outcomes and secondary completion rates, UNHCR and partners should explore programmes that lower or subsidize school fees, create scholarships, and direct cash transfers to low-income refugee families to offset the opportunity cost of the student attending school instead of working to provide for the family. Even those refugees who do not continue to higher education will benefit from basic literacy, numeracy, language, and soft skills followed by vocational training. Additional labour market linkage programmes should be explored to improve refugee employment outcomes for all education and skill levels.

Assessing refugees' skills and facilitating jobs matching soon after arrival, as well as providing timely training to improve skills, can help refugees get a better employment start and potentially achieve quicker convergence in wages with hosts.

In the medium term, implementing a system of recognizing overseas qualifications, especially those from the region, would facilitate positive employment outcomes for both refugees and hosts. It would allow qualified refugees to be considered for jobs that match their skills set, improve wage equity and limit poverty. It would also facilitate the movement of human capital for Ugandans as well as refugees, which could be particularly important given the country's large youth population entering the workforce and the comparatively slow growth in employment opportunities.

Encouraging government and development actors to provide targeted support to small firms – including self-employed persons – to grow and increase profitability could increase the demand for skilled jobs. Enabling policy measures like improving access to financing can help the self-employed expand their businesses, which has potentially outsized positive impacts on the economy. Particularly for refugees, greater access to financial capital could help account for the loss of assets due to displacement and constitute a form of insurance for low revenue periods.

While Uganda's generous approach to hosting refugees is well recognized, analysis of the labour market demonstrates the challenges to achieving refugees' self-reliance, even in such a liberal policy environment. Doing so will require additional investments in education, particularly in improving the transition from primary to secondary school, and inherently addressing the barriers to quality education for refugees and hosts, increasing access to math and science, and eliminating barriers to accessing education, particularly for girls. Further, to improve labour market integration, several key activities are needed, including: (i) earlier assessment of refugees' skills; (ii) early matching of these skills to the job market by providing training and jobs matching; and (iii) facilitating recognition of certificates and degree equivalence.

INTRODUCTION

With over a million refugees, Uganda is the third largest refugee-hosting nation in the world and the largest in Africa. The country has a generous open-door policy towards displaced persons and its legal and policy framework regarding refugees is considered one of the most progressive in the world. Most refugees arrive in Uganda from South Sudan, the Democratic Republic of Congo (DRC), Burundi and Somalia.

Access to gainful employment is a concern of all people living in Uganda. Statistics from 2018 show a rural unemployment rate of 9.9 percent and 9.1 percent in urban areas for nationals (Uganda Bureau of

Statistics 2018). Refugees are no different than Ugandans in that employment is crucial to their livelihoods, personal empowerment and integration into society. The lack of decent employment for refugees is not only a missed opportunity to contribute to host communities, but also increases the risk of poverty and permanent dependence on humanitarian assistance.

This knowledge brief provides insight into the labour market behaviour of refugees relative to host communities through a comprehensive analysis of their labour market performance and potential for convergence over time. The host population is defined as the native population in districts where refugee settlements are situated. We make use of cross-sectional household data from the [Uganda Refugee and Host Communities 2018 Household Survey](#) (RHCS), which sampled 2,209 residential households, distributed geographically across 13 districts in the primary refugee hosting regions in Uganda. As a result, 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, the Southwest, and the city of Kampala. To track how refugees fare relative to Ugandan nationals in the labour market, we consider three primary indicators: employment rate (share of working-age population in employment or self-employment); labour force participation rate (share of working-age population employed or seeking employment); and unemployment rate (share of labour force seeking and available for employment). This note generates a profile of households by employment status and identifies opportunities to improve associated policies.

MACROECONOMIC EMPLOYMENT CONTEXT

In Uganda, as elsewhere, employment strengthens during periods of economic expansion, and vice versa. From 2000-2017, the share of employment elasticity to growth was 0.6, suggesting that a 1 percentage point increase in economic growth is associated with a 0.6 percentage point increase in employment. The Ugandan employment elasticity of 0.6 is very close to the ideal of 0.7 (Coulibaly, Gandhi, and Mbaye 2019) and better than the African average of 0.41.

Uganda's recent decline in economic growth has led to weaker employment rates. Annual GDP growth slowed from an average of 4 percent during 2000-2009 to 2 percent during 2010-2017, while the labour force participation decreased from 74 percent and 68 percent, respectively. Meanwhile the country's population grew 3 percent, reaching 38.8 million in 2018, with youth making up 55 percent of the total population, the second highest proportion in the world. While latest estimates by the IMF prior to the COVID-19 pandemic show better growth of 6.1 percent for fiscal year 2017/2018, the country remains under pressure to create jobs to keep up with its growing population. The combined effect of slower economic growth and high population growth has contributed to significantly lower labour force participation, especially among youth (defined as age 14-25 years).

Educational attainment level has an important influence on employment outcomes and the type of employment. Half of Ugandan nationals with no education could only find seasonal and temporary jobs, while around 75 percent of employed people with higher education (defined as some secondary school or more) have more stable jobs lasting all year (IMF 2020). Despite the crucial importance of education on job prospects, education outcomes in Uganda have deteriorated due to declines in primary and middle school completion rates, contrary to trends in neighbouring countries like Kenya and Rwanda. Barriers to education achievement include the inability to afford tuition (78 percent of male students and 48 percent of female students) as well as pregnancy (40 percent of female students) (IMF 2020).

A recent World Bank report found that Uganda will need to create more than 600,000 jobs each year before 2030 and create more than 1 million jobs each year by 2040 to keep up with the pace of young people entering the labour force (Merotto, Weber, and Aterido 2018).

Labour market outcomes for refugees are consistently worse than those of hosts

Despite the favourable policy environment, the results show that refugees have worse employment outcomes than nationals (Table 1). Only 29 percent of refugees are actively employed versus 64 percent in host communities, creating an employment rate gap of 35 percentage points. In contrast in Europe, the difference in employment rates between natives and refugees is 17 percentage points, less

than half of the gap seen in Uganda (Fasani, Frattini, and Minale 2018). A recent study confirmed that refugee employment levels in Uganda are surprisingly low compared with Ugandan nationals or refugees in neighbouring Kenya (Betts and al. 2019).

These differences persist when considering a second key employment indicator – the labour force participation rate. The gap in participation rates between refugees and host community members is significant at 27 percentage points (42 percent for refugees versus 69 percent rate for host community). Even after considering differences between refugee and host populations such as age, gender and education, the gap remains sizeable at 26 percentage points.

Gender differences are also prominent when it comes to economic participation. The gender gap among refugees is greater than that among nationals (12 percentage points for refugees versus 9 percentage points for host community). Variations are also evident across regions. In the West Nile region, Ugandan women are 6 percentage points less likely than men to participate in the labour market (72 percent male versus 66 percent female), compared to 8 percentage points for refugees (37 percent male versus 29 percent female). In the Southwest region, the gaps are 7 percentage points for hosts (74 percent male versus 67 percent female) and 13 percentage points for refugees (70 percent male versus 57 percent female), respectively. Surprisingly, Kampala reports the highest gender gap in labour force participation: the gender gap is 26 percentage points for host (79 percent male versus 53 percent female) and 13 percentage points for refugees (70 percent male versus 57 percent female). This gender gap in Kampala for both communities is close to the global average gender gap of 31 percentage points and is commonly cited as a sizeable macroeconomic loss (Dabla-Norris and Kochhar 2019; Blecker and Seguino 2012).

A third labour market outcome considered is the unemployment rate. Not only are refugees less likely than host communities to participate in the labour market, but those who do so are less likely to find employment. The refugee unemployment rate is 31 percent, which is 24 percentage points higher than 7 percent for the host community. After considering age, gender and educational differences, the difference in unemployment rates between refugees and host communities is still sizeable at 19 percentage points.

Table 1: Key labour market outcomes of refugees and host communities in Uganda

	Refugees	Host communities
Employment rate	29 percent	64 percent
Labour force participation rate	42 percent	69 percent
Unemployment rate	31 percent	7 percent

Higher education levels are associated with higher employment rates and paid employment

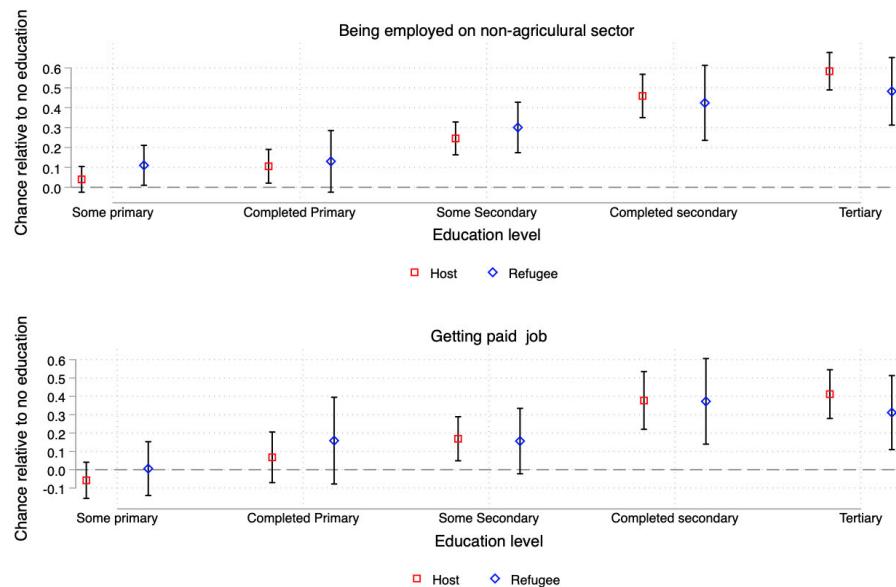
As with nationals, refugees with higher levels of education have more success in the labour market. The survey data indicates that the chances of getting hired in the non-agricultural sector increases with higher education levels, especially for people who have completed secondary education or have higher education (Figure 1).

Moreover, paid employment is shown to increase with higher education levels, especially for people who have completed secondary or higher education. Regression results controlling for common demographic characteristics confirm this finding.

Despite the returns to secondary school education, completion rates remain low for refugees. Among youth of secondary school age (between 19 and 23 years old), only 11 percent of refugees completed secondary school versus 24 percent for host communities. The main reason for dropping out of school is the expense of tuition (63 percent for host communities versus 43 percent for refugees). For both refugees and nationals, the education level of their fathers is a strong factor in children's education success. In Uganda, children are more likely to successfully finish secondary school if their father has a

secondary education or higher. Indeed, no youth whose father did not finish secondary school manage to finish secondary school while 52 percent of children with secondary educated fathers do finish.

Figure 1: Educational attainment by employment sector and receiving wages for employment

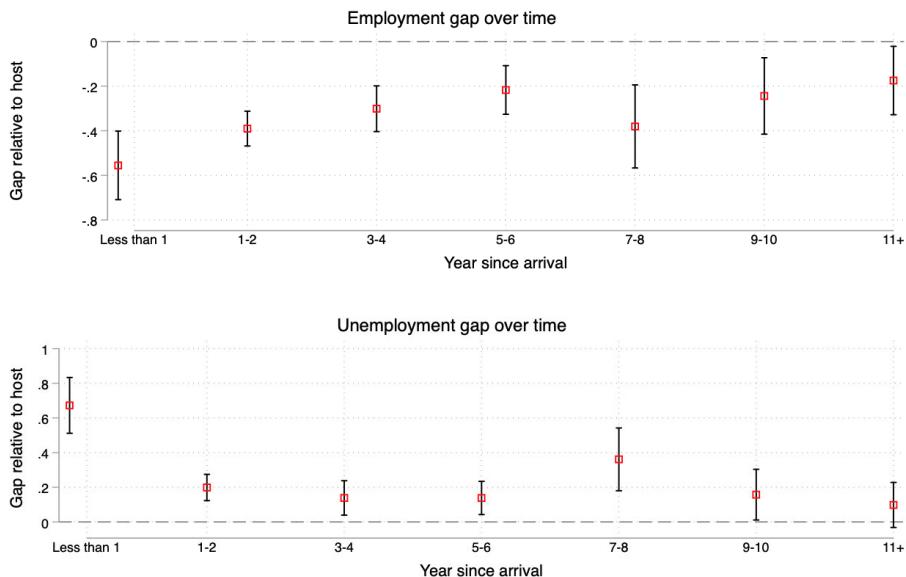


Refugees have lower labour market outcomes even a decade after arrival

This section profiles refugee assimilation in terms of employment and unemployment outcomes by comparing refugees with nationals using individual characteristics (education, age, gender and time of arrival in Uganda).

As expected, the gap is particularly large for recent refugee arrivals. The employment rate of those with less than one year of residence in Uganda is 62 percentage points lower than that of nationals. Those who are actively searching for a job are 64 percentage points less likely than a national to get hired (Figure 2).

Figure 2: Refugee assimilation over time



While the unemployment gap between refugees and nationals closes over time, differences in employment rates converge but gaps persist. After 10 years, differences in unemployment are not statistically significant.ⁱ For employment, refugees in Uganda converge towards nationals but never reach parity in the labour market. This is similar to what was found in Canada for refugees (Bevelander and Pendakur 2014).

While refugees face understandable challenges in participating in the labour market upon arrival, it is striking that the gap persists over time, suggesting that refugees struggle to eliminate their initial labour market disadvantage vis-à-vis Ugandans. Potential explanations of these “refugee gaps” is discrimination as well as the limited recognition of foreign qualifications and refugees’ limited proficiency in the host country’s official languages (Chang 2018). Additional explanations include long periods of labour market inactivity resulting from conflict and displacement due to a lack of social networks and disproportionate lack of information on labour markets (Schuettler and Caron 2020). Even if refugees are allowed to work in Uganda, opaque regulations and the extra burden to comply with them can create a chilling effect on employing refugees. Research has shown that Ugandan firms are disinclined to hire refugees and seem to lack information about their legal status and specifically their right to work. A recent survey highlighted that just 21 percent of employers in Uganda reported knowing that refugees are allowed to move freely and 23 percent of employers are aware refugees have the right to work (Loiacono and Vargas 2019).

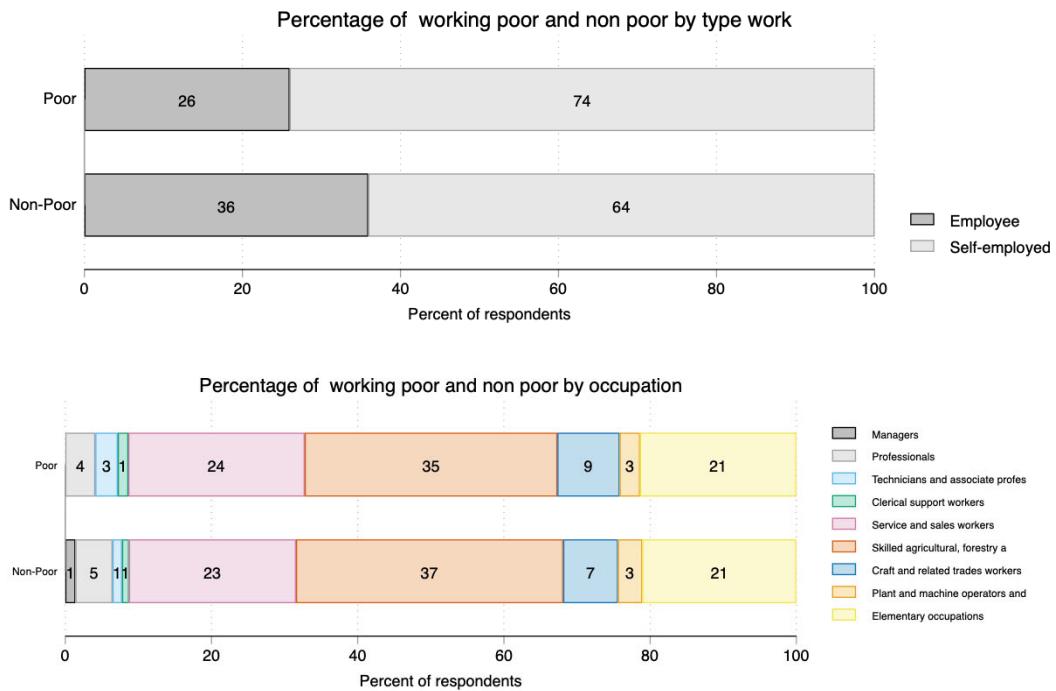
While self-employment is high among both populations, working refugees are more likely than nationals to fall below the poverty line

Self-employment, which is informal in developing economies including in Uganda and tends to involve lower-skill activities, is high for both nationals and refugees in Uganda when compared to neighbouring countries. In Uganda, the self-employment rate is 76 percent of working nationals, 72 percent of working refugees, and 80 percent among youth in refugee communities. In Kenya, self-employment makes up 61 percent of the total employed population, while in Rwanda the share is 68 percent. Comparatively in the U.S. data from 2020 note that some 28 percent of Americans are self-employed ([Forbes, 2020](#)).

While self-employment is overall higher for Ugandan nationals than refugees, there are regional differences. In Kampala, 45 percent of hosts are self-employed versus 25 percent of refugees. In the West Nile, the rate is 79 percent for hosts and 75 percent for refugees. In Southwest it is 81 percent for hosts and 75 percent for refugees.

The high level of informality in the Ugandan economy, and the associated employment vulnerability, provides an additional burden for refugees who have relatively less social networks or safety nets and assets which can be used in lean times.ⁱⁱ The data shows that among the working population, refugees are 1.75 times more likely than host community members to fall below the poverty line, with 28 percent of working refugees being considered impoverished versus 16 percent of the host community. Working poor refugees hold similar types of jobs as non-poor refugees who are working. However, working refugees who are poor are 10 percentage points more likely to be engaged in self-employment (less likely to be employed) than non-poor refugees (Figure 3).

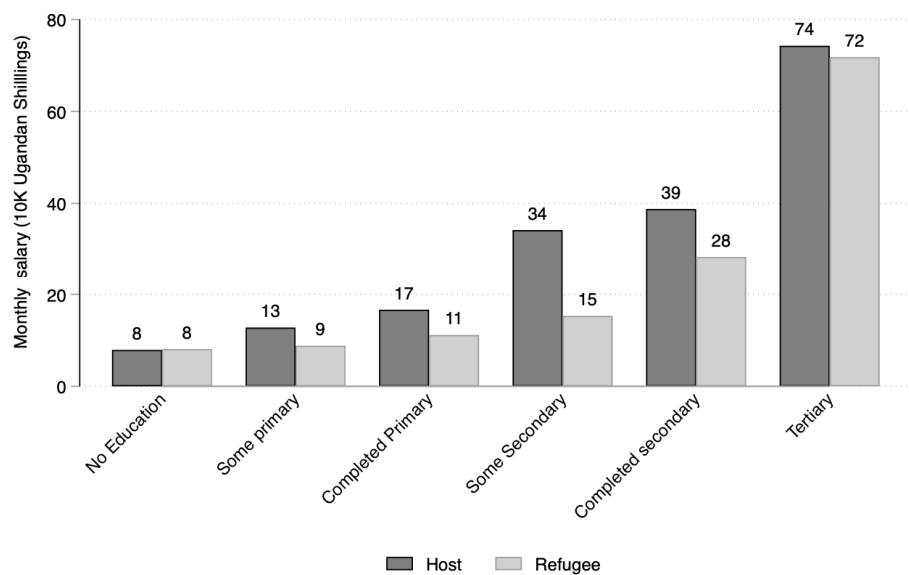
Figure 3: Type of work and poor and non-poor refugees



A higher number of working refugees earn less than nationals with similar skills-set

Refugees earn less than Ugandans and pay gaps are persistent despite education levels (Figure 4). Most working people in refugee and host communities have primary education (47 percent for refugees and 45 percent for hosts). On average refugees earn 32 percent less than host community members with similar skills levels. Refugees with primary education earn 33 percent less than host community members with the same level of education. This increases to 50 percent less for workers with secondary degrees, and 7 percent less for those with tertiary education. That the pay gap for refugees with secondary degrees is larger is a worrying trend that may signal to refugees that pursuing secondary education does not lead to better pay and may be a factor discouraging pursuit of secondary school.

Figure 4: Pay gaps between refugees and hosts (Monthly salary in Ugandan Shilling)



Refugees are systematically under-employed, based on skills and work history, with higher skilled workers experiencing the largest professional downgrade

Evidence that refugees are taking jobs that they are overqualified for so as to escape unemployment highlights the inherent inequity in the labour market between refugees and hosts.

The phenomena of refugees accepting employment below their skill and education levels is known as professional “downgrading”. To track this skills mismatch, we first compare the refugee job quality to that of pre-displacement. We also study overeducation, which is a situation where a worker has a higher level of education than the level required for the job. All these mismatches constitute a form of labour underutilization.

A simple regression analysis finds that the labour status of refugees in their countries of origin is not related to their subsequent employment status in the labour markets in Uganda.ⁱⁱⁱ In general, refugees experience drastic professional downgrading upon entry, with intermediate and high-skilled workers experiencing the largest downgrade based on the four ISCO-08 skills level.^{iv} Across skill levels measured prior to displacement, 66 percent of low-skilled refugees downgraded compared to 85 percent of intermediate-skilled and 79 percent of high-skilled refugees (see Table 2). This might be due to a lack of recognition of refugee qualifications and poor transferability of refugee skills and professional experience in Uganda as suggested by Fasani et al. (2018). Further, some 65 percent of refugees say they would like to be engaged in the same occupation they were before being displaced, while only 20 percent manage to do so.

One way to study qualifications mismatches is to focus on education mismatches using statistical methods. This approach is based on the distribution of workers' education levels within each occupation or occupational group to determine the modal (or median) education level of all workers in the occupation or group (Halaby 1994; McGuinness and Sloane 2011). Thus, a person in employment is considered overeducated or undereducated if their level of education is greater or lower than the modal level of education of all employed persons in the same occupation or group of occupations.

Table 2: Refugee labour market trajectories before and after displacement (percent)¹

Before displacement	After displacement					Total
	Not working	Very low skilled	Low skilled	Intermediate skilled	High skilled	
Not working	67.0	6.4	24.6	0.7	1.3	100.00
Very low skilled	69.0	19.0	12.0	0.0	0.0	100.00
Low skilled	59.0	7.3	33.3	0.1	0.2	100.00
Intermediate skilled	83.2	0.00	2.4	8.0	6.4	100.00
High skilled	46.4	8.4	21.6	2.3	21.3	100.00
Total	62.9	7.2	27.6	0.66	1.7	100.00

¹ The study focused on refugees who were of working age before displacement (aged 14 years or older when leaving their country origin).

Using this approach, results suggest that 27 percent of host community workers are undereducated and 21 percent overeducated for their current occupation, whereas 14 percent of working refugees are undereducated and 36 percent overeducated. The high percentage of overeducated refugees serves as a barometer to showcase the difficulties refugees face to find relevant jobs. There is no evidence that arrival dates affect the likelihood of finding appropriate jobs. Thus, refugees' labour market outcomes are sticky over time, suggesting that the chance of finding a job more in line with the refugee's skills is limited even after several years of residence in Uganda.

Being underemployed can have negative impacts on mental health and well-being. Hultin et al. (2016) and Dunlavy et al (2016) show that overeducated jobholders experience more health problems and psychological distress. Clark et al. (2014) find that not only is it hard for many workers to transition out of overeducated employment, but they are also likely to face wage penalties even after they do so. These results suggest that past overeducated employment engender "scarring effects" with lingering negative outcomes on earnings and labour market mobility. These results highlight the important work of trying to match refugees' skills early upon arrival to the labour market.

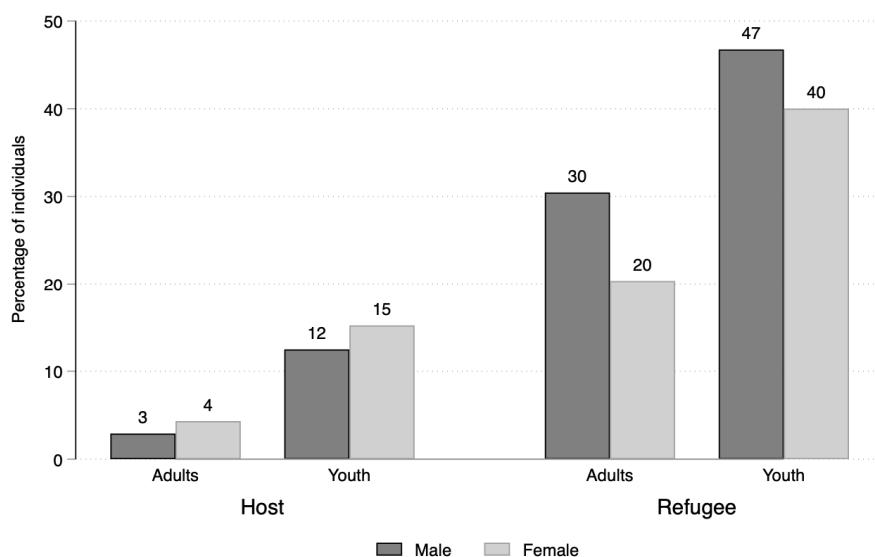
PROFILE OF THE UNEMPLOYED

Among both refugee and host communities, younger people face more barriers to employment than older individuals, though refugee youth face more than three times higher unemployment rates than nationals – with 44 percent of refugee youth versus 14 percent of national youth unemployed. During the period referenced in the survey data, youth represent 49 percent and 45 percent of the working-age population among refugees and hosts, respectively.

Females represent more than half of the working population in both communities (56 percent of refugees and 54 percent of hosts). Among refugees, the unemployment rate of females was 26 percent compared to 36 percent for males. For the host community, the corresponding rates for females and males were 8 percent and 6 percent, respectively.

Among youth, female nationals have a higher unemployment rate than males, whereas the opposite is observed for refugees. Unemployment among young Ugandan females is 15 percent compared to 12 percent for males. Among refugees, the unemployment rate is 40 percent for females and 47 percent for males (Figure 5). Idle unemployed youth can lead to negative societal outcomes including abuse of alcohol and drugs, higher rates of teenage pregnancy, and other extremist behaviour including violence.

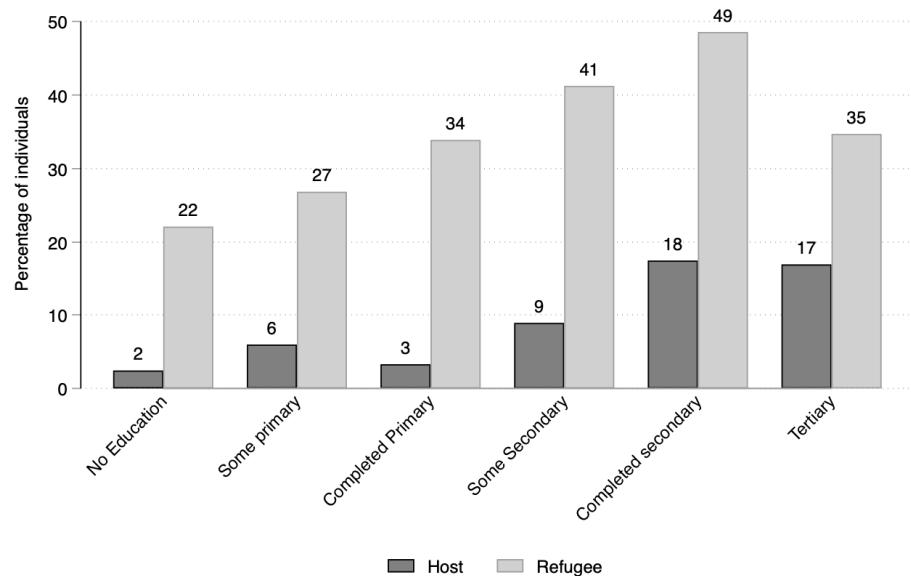
Figure 5: Unemployment by refugee and youth status



Contrary to established findings on the returns to education in employment, the level of education and the employment rate are inversely related for both refugees and the host community, a phenomenon known as the puzzle of the educated unemployed (Ginsberger and Meango 2017; De Vreyer and Roubaud 2013). Refugees have between two to three times the unemployment rate of nationals, depending on the education level (Figure 6). Host community members who have secondary education and some tertiary education (labelled Tertiary) have the highest unemployment rates of 11 percent and 17 percent, respectively. A similar pattern is observed for refugees, where unemployment is highest for those with secondary education and some tertiary education at 43 percent and 35 percent, respectively. Lower educated refugees have a lower unemployment rate.

This puzzle of the educated unemployed is prevalent in developing countries, in particular in Africa (Ginsberger and Meango 2017; De Vreyer and Roubaud 2013). This situation is explained by the failure or absence of policies to create skilled jobs. It is also potentially a consequence of structural adjustment policies that reduced staff in the civil service, one of the largest employers of higher educated individuals (De Vreyer and Roubaud 2013). Further, the low chance of getting a job offer and the lower-skilled activities involved in self-employment are also plausible explanations for the higher unemployment of educated individuals in Uganda (Ginsberger and Meango 2017). In addition, it is plausible that when individuals are aiming for employment in a neighbouring country, and to increase their chances of getting employed abroad where the returns to education are higher, individuals in developing countries acquire more education. This leads to an increase of supply of educated workers in the domestic labour supply. Consequently, this creates involuntary educated unemployment in developing countries (Stark and Fan 2011).

Figure 6: Unemployment and education, refugees and host communities



(Note: Tertiary indicates some tertiary education attained)

POLICY RECOMMENDATIONS

Overall, greater investment in education and training is needed to improve labour market outcomes. The data suggests that the level of education required differs across economic sectors and job categories and that few adolescents complete secondary school, which is a critical determinant of future job quality. This calls for measures to improve education outcomes, which should support future labour market outcomes.

Additional labour market linkage programmes should be explored to improve refugee employment outcomes for all education and skill levels.

Policy recommendation for government

- As part of the ongoing review of the curriculum, include learning of core skills such as languages and provide for auxiliary introduction to vocational courses in secondary school to ease transition to vocational training for students who may not complete secondary education. In addition, encourage vocational training institutions to introduce a mix of short and long-term courses to meet the needs of both older students (16 years and above) who are ready to join the labour market and younger students who need a combination of general schooling and vocational training. This way, children are not tempted and presented with perverse incentives to prematurely join the labour market while too young, risking exploitation and being locked in low-value jobs.

Programmatic recommendation for UNHCR and development partners

- Support government with technical assistance to revise and implement the new curriculum.
- Support refugees to undertake bridging programs including language courses and other soft skills needed to improve learners' chances of being employed by others or becoming self-employed.

It is essential to address risk factors at school and improve the low transition rate from primary to secondary school. Results from the survey show that for both refugees and Ugandans, higher education levels are associated with better employment outcomes. Yet secondary school completion rates remain low for refugees, while that for nationals is declining. The transition to secondary school is limited by several main factors, including poor performance on the primary school leaving examination due to inadequate exam preparation and a poor learning environment as well as splitting their time between schooling and supporting their families to earn a living and/or perform house chores. Other factors driving school dropout include the inability to afford tuition and low morale when teachers hold back students from taking the exam so that they will not fail.

Overall, prevention measures taken to address risk factors associated with failure at school and early school dropout can have positive impacts on employment outcomes, considering the fact that dropping out of school increases the likelihood of unemployment and inactivity later in life (McLaren 2003). Thus, there is a need to continue strengthening the quality of the education sector for nationals and refugees.

Ensuring equal access to quality education is crucial for addressing socioeconomic problems of poverty, unemployment and inequality. Among other factors affecting the quality of education is the limited number of schools and poor infrastructure, especially in areas that host refugees in Uganda. This has particularly affected the recruitment of math and science teachers who are already in short supply and high demand. The World Bank Uganda Secondary School Expansion Program (USEP) is building 34 secondary schools in five years which will bring the overall total to 68 secondary schools for refugees by 2025. The WB USEP will help close the gap on existing infrastructure, though more needs to be done in both improving infrastructure and offering competitive math and science programmes. Due to limited infrastructure, the existing secondary programmes for refugees have very limited math and science curriculum which limits their career options and lifetime earnings potential in these fields.

Policy recommendation for government

- Include refugee data in Education Management Information System (EMIS) to facilitate their eligibility for capitation grants in government aided schools in refugee hosting areas.^v As part of the investment through the World Bank IDA19 Refugee and Host Community Sub-Window, refugee students will start benefiting from capitation grants. Though this will not address the challenges related to the quality of schools and learning environment in refugee hosting areas.

Programmatic recommendation for UNHCR and development partners

- Support provision of the required infrastructure including brick and mortar buildings needed to accommodate students, especially for secondary school.

- Expand safe boarding facilities especially for girls to limit the distance of school from home and associated threats of violence and harassment when walking to and from school.
- Support provision of both financial and non-financial incentives (e.g. provision of staff housing, salary top-ups, etc) to attract science and math teachers to schools in refugee hosting areas.
- Support provision of grants for both tuition and cash transfers to families of school-going children to ensure continuity of learning and eliminate interruptions to school due to other financial pressures of the household.
- Consider provision of direct (unconditional) cash transfers to low-income refugee families to offset the opportunity cost of the student studying instead of working to provide for the family.

From a protection point of view, more specific actions targeting girls are needed to address the disproportionate risk they face in dropping out of school. As it is common knowledge, girls face exceptionally high risks of dropping out of school when families are in economic and other hardships. As refugees struggle with myriad challenges including limited opportunities for employment as well as underemployment and less pay for those employed, girls are prone to being engaged in multiple responsibilities, competing for the time they should be focusing on their schoolwork.

The outbreak of COVID-19 is likely to make things worse for girls as many schools have been closed and the economic impact on families continues to rise. According to UNESCO, more than 89 percent of all enrolled students are out of school because of closures due to COVID-19. This, combined with the pandemic-induced economic downturn, will potentially increase dropout rates especially among vulnerable groups including adolescent girls and poor children (which frequently includes refugees). Consequently, this further reinforces gender gaps in education outcomes and leads to increased risk of sexual exploitation, early pregnancy and early and forced marriages. Sustained efforts by UNHCR and partners are needed to increase second chance education programmes and promote the continued use of radio programmes for classes even after schools reopen, and expand online learning to ensure students can maximize educational achievement. Non-financial incentives should be explored for teachers to improve motivation and the quality of teaching, including potentially room and board and other associated transport, as well as endowments or funds for teachers to design curriculum.

Policy recommendation for government

- Adopt a policy of granting a second chance for girls who become pregnant to continue with their education while pregnant and/or after giving birth.

Programmatic recommendation for UNCHR and development partners

- Raise awareness on the importance of girl-child education and promote reproductive health education to help reduce factors that affect girls' education including teenage pregnancy and overburdening of school-aged girls with household responsibilities.
- Support provision of boarding facilities for girls to ensure that they are protected from travelling long distances while going to school, which exposes them to various forms of exploitation including sexual exploitation and abuse.
- Support pregnant or young mothers to balance their dual roles of being students as well as care-giving mothers through:
 - Building of daycare facilities in secondary schools to support the continued education of young mothers
 - Conditional support to pregnant or young mothers who choose to continue with their education.
- Develop and implement an affirmative action in form of additional bursaries to girls in school.

There is need to review the administrative provisions of the Immigration Act in relation to issuance of work permits, which presently are costly for refugees in Uganda. Under the Uganda Refugee Act Section 29(vi), refugees are entitled to access employment opportunities and engage in gainful work. Under the Immigration Act and related Statutory Instruments, foreigners are required to obtain work permits which are issued on their passports and refugees are exempted from paying the fees required for the acquisition of a work permit. However, the Directorate of Citizenship and

Immigration Control (DCIC) only stamps work permits on refugee Convention Travel Documents (CTDs). Alternative documents such as refugee IDs cannot be stamped without clear policy directives and laws. This limits access to employment for refugees who do not hold CTDs, which in themselves are also not easily attained by refugees. In view of these administrative barriers, there is a need to engage key stakeholders to streamline procedures for the Refugee Act as well as relevant laws such as the Uganda Citizenship and Immigration Control Act for effective implementation.

Further, only a small minority of employers (23 percent) know that refugees have a right to work in Uganda, limiting job opportunities for refugees even further.

Policy recommendation for government

- Work with Ministry of Internal Affairs to allow granting of work permits on the basis of other recognized refugee documents.

Programmatic recommendation for UNHCR

- Advocate for a review of the administrative process for issuing work permits to refugees to access employment.
- Sensitize both refugees and potential employers on refugees' right to work

Enhanced focus is needed to reduce the gender gap in employment. This brief shows that women face more difficulties than men in terms of accessing education and finding a job. Evidence has suggested that reducing barriers for women in the workplace significantly boosts welfare and growth. Policy measures should aim at reducing the education gap for women and promoting female labour force participation through proactive measures to encourage firms to hire women as well as supporting them to start and run businesses.

Programmatic recommendation for UNHCR and development partners

- Fund focused programs that provide financial capital and capacity development to support enterprises and employment opportunities for women
- Promote education opportunities for girls through additional bursaries for girls in school

More attention should be given towards linking youth to the labour market. This analysis shows that youth in both host and refugee communities face difficulties finding jobs. The negative consequences of extended unemployment and inactivity in early career include financial hardship and lower employment as well as lower long-term earnings prospects. As many young people leave school early and have no qualifications, second chance programmes can help individuals increase their formal education, obtain recognized certification and improve their chances of finding a job. Employment training should be a combination of institution-based and on-the-job training, as evidence suggests this combination yields higher positive labour market outcomes for beneficiaries (Fares and Puerto 2009). Additionally, the expansion and strengthening of Business, Technical and Vocational Education and Training (BTVET) programmes and accreditation to include refugees should be explored. At the same time, it is important to address issues relating to stigma associated with BTVETs, which in Uganda are perceived as the last option for individuals who are unable to cope or continue with the mainstream education system.

In addition, assessing refugees' skills early and providing upskilling training can help refugees get better jobs and wages right from the start. We find the employment outcome gap between hosts and refugees is particularly large upon arrival (62 percentage points for employment and 64 points for unemployment). Over time, the unemployment gap becomes narrower with years of residence in Uganda, though it never achieves equity over time. Studies show that early investment in skills assessment, training and labour market integration activities can help to promote quicker convergence in employment. Using a standardized approach to measuring skills upon registration of refugees can help limit the time needed to match labour market skills requirements. Existing evidence suggests job search assistance programmes are associated with positive effects on employment prospects (Battisti, Giesing, and Laurentsyeva 2019).

Policy recommendation for government

- Advocate for a change of mindset that BTBET is only an option for individuals who fail in the academic track. Instead, improving the perception of BTBET as an opportunity for individuals to pick up employable skills and competencies relevant to the existing labour market.

Programmatic recommendation for UNHCR and development partners

- Sensitize private sector organizations to the skills that refugees already have or are able to learn if provided opportunities through internship, apprenticeships and/or employment.
- Engage private sector organizations such as the Textile Development Agency (TEXDA), Uganda Manufacturers Association, Private Sector Foundation-Uganda in developing skills programmes for refugees and members of the host communities to ensure that skills development curricula respond to the needs of the market as identified by industry leaders.

In the medium term, a system that recognizes overseas qualifications, especially those from the region, would facilitate positive employment outcomes for both refugees and hosts. The analysis suggest that 36 percent of employed refugees are holding a job that requires skills lower than what they possess. Refugees are also professionally downgrading upon arrival. The development of an effective system that recognizes refugees' past experiences as well as credentials would have a significant impact in helping them identify opportunities concurrent with their skills. Cross-border or regional accreditation and recognition of standards would facilitate the movement of human capital for both Ugandans and refugees; this is especially relevant as most refugees in Uganda are from neighbouring countries such as South Sudan, which together with Uganda, are members of the regional blocs such as the East African Community (EAC) and the Inter-Governmental Authority for Development (IGAD), which advocate for regional recognition of educational qualifications. Indeed, this could be particularly important for Uganda given its youth population bulge and the increasingly difficult employment situation within the country. Such a measure would also be advantageous for refugees as they eventually return to their countries of origin. It could also potentially improve equity of wages and limit poverty for working refugees as accrediting and equating qualifications help create a level playing field for refugees in the job market.

Policy recommendation for government

- Implement the [Djibouti Declaration on the Regional Conference on Refugee Education](#) calling member states to recognize and validate qualifications of refugees and returnees across all levels of education and the EAC Common Market Protocol, which require Partner States to establish a Single Education Area as basis for harmonizing education qualifications with the purpose of facilitating free movement of labour.

Programmatic recommendation for UNHCR and development partners

- Work with the Ministry of Education, Ministry of East African Community (EAC) Affairs and the Inter-University Council for East Africa (IUCEA) and other stakeholders to speed up implementation of the EAC Single Education Area.
- Support refugees to undertake remedial courses required to attain recognition of their professional qualifications attained outside of Uganda.

Encouraging government and development actors to provide targeted support to small firms including self-employed refugees in ways that could increase skilled jobs. The population in Uganda is very entrepreneurial, as demonstrated by the large share of self-employed workers among both refugees and host communities. Enabling policy measures that improve access to financing for entrepreneurs can help the self-employed expand their businesses. Considering the refugee population in particular, having greater access to financial capital may compensate for the loss of assets due to displacement and constitute a form of insurance in periods of low revenue (Schuettler and Caron 2020). Evidence shows that interventions such as repeated transfers or one-time grants or credits can efficiently improve business profitability (Schuettler and Caron 2020). Moreover, graduation-type programmes that include cash grants for business and entrepreneurship training, intensive coaching

and financial inclusion hold much promise for supporting sustainable livelihoods among refugees in Uganda (Banerjee et al. 2015; Bedoya et al. 2019).

Lastly, with regards to the puzzle of the educated unemployed, we believe that additional macroeconomic and policy analysis is needed to address the inverse trend on returns to human capital seen for both refugees and nationals and identify key policy solutions. One explanation may be the failure or absence of policies to create skilled jobs and the high level of informality in the Ugandan economy.

Policy and programmatic recommendations government and development partners especially Development Finance Institutions

- Advocate for additional research to understand better:
 - The key drivers of the inverse relationship between education and employment among the youth.
 - Showcase best practices for improving competitiveness and growing the private sector to the Government of Uganda.
 - Assess the best policy options in the national context in order to inform the Ministry of Labour's transformation plan.

CONCLUSIONS

Access to gainful employment is a concern for all people living in Uganda. For refugees, livelihoods opportunities are vital to the integration into their new community, safety and protection, self-esteem and their empowerment.

This brief highlights the considerable difference in labour market participation between refugees and host community members in Uganda. Moreover, refugees who are in the labour market are less likely to find employment than nationals – the refugee unemployment rate stands at 31 percent, 24 percentage points higher than that of the host community. Refugees systematically have jobs below their skill level and are paid less than nationals for doing similar jobs. In particular workers with more skills experienced drastic professional downgrading upon entry and refugees on average are overeducated for most of the employment they are holding, reflecting a mismatch between skills obtained before displacement and employment obtained upon arrival in Uganda.

This overeducation of refugees is costly to individuals and firms as well as for the Ugandan economy more generally. Policies addressing these mismatches can have positive overall impacts on refugees' contribution to the Ugandan economy.

Unlike in developed countries, the level of education and the unemployment rate are inversely related for both the refugee and host communities, although refugees have between two to three times higher unemployment than nationals, depending on the education level. This situation suggests the necessity to develop policies aiming to create skilled jobs for both refugees and host communities.

Endnotes

- ⁱ In comparison, refugee economic outcomes in the United States have been shown to overtake those of economic immigrants after about 10 years (Cortes 2004).
- ⁱⁱ Self-employment characterized by the absence of formal work arrangements and adequate social security is found to place individuals in a heightened state of vulnerability (ILO 2010).
- ⁱⁱⁱ The authors regress the current skill job of refugees on their skill job before displacement by using an ordered logistic regression and perform a LR test. The results suggest no effect of the previous employment status.
- ^{iv} The four ISCO-08 skill levels are based on the characteristics of tasks performed and types of skill required. For more details see ILO (2012). These categories are referred to as “very low-skilled”, “low-skilled”, intermediate-skilled”, and “high-skilled jobholders”.
- ^v **Capitation grants** are governmental transfers for primary school going children paid to all public and government-aided schools in lieu of tuition fees for the following school expenditures: instructional and scholastic materials, co-curricular activities, school management, administration, and contingency expenditure. This follows the introduction of Universal Primary Education (UPE) in Uganda in which the government abolished payment of tuition/fees in public schools. Only children who are in EMIS are entitled to capitation grants, which are computed on per student basis. Thus, schools that have refugee students (who are not in EMIS) end up receiving less grant funding per capital, which in turn affect the quality of education in the refugee hosting areas.

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