

SUMMARY

UGANDA EMPLOYMENT KNOWLEDGE BRIEF

USING SOCIOECONOMIC DATA TO PROMOTE SOLUTIONS FOR REFUGEES IN UGANDA

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IN BRIEF

- Among refugees fortunate enough to find work, they are more likely than host community counterparts to remain poor, in part due to accepting jobs below their skills levels and being paid less for doing similar jobs. Not only does this distinctly disadvantage refugees, it is also costly to the Ugandan economy. Addressing these mismatches can create positive impacts on refugees' contribution to the Ugandan economy.
- For both refugees and Ugandans, transition to secondary school is low despite evidence that higher education leads to better employment outcomes. Providing support with secondary school entrance exams, easing the financial burden of school fees and giving conditional cash transfers are among actions by policymakers and international organizations that could support youth at risk of not transitioning.
- Achieving better employment outcomes and living standards will require policies that encourage higher education, create skilled jobs and jobs matching programmes, and support small firms and self-employed persons. In the medium term, having a system of recognizing overseas qualifications will improve outcomes for both refugees and hosts.

With over a million refugees, Uganda is the third largest refugee-hosting nation in the world and the largest in Africa. The country's legal and policy framework regarding refugees is considered one of the most generous and 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 for all people living in Uganda. For refugees, livelihoods opportunities are vital to integration with their new communities, their safety and protection, and self-esteem. But despite Uganda's major advances in poverty reduction between 1992 and 2013, recent economic slowdown and a sharp increase in youth entering the workforce have contributed to weak labour market growth. It is against this backdrop that more than 1 million refugees in the country seek their livelihoods.

Significant employment gap between refugees and hosts. Among refugees in Uganda, just 29 percent are actively working compared to 64 percent of Ugandan nationals. A recent study shows that refugee employment in Uganda is low compared with refugees in neighbouring Kenya (Betts and al. 2019).

Significant gaps also exist for labour force participation and unemployment rates.

Refugees of working age 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 (14-25 years old), where half 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.

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, refugees who are working 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 below their skills level, education and pre-displacement occupation.

Professional downgrading is widely visible especially among higher educated refugees with higher levels of

education. Possible reasons include lack of recognition of refugee qualifications and poor transferability of skills and experience. Discrimination, inconsistency and cost of compliance with local regulations as well as lack of information about refugees' legal status have also been shown to contribute (Loiacono and Vargas 2019; Chang 2018). This overeducation of refugees is costly to individuals, firms and to the Ugandan economy overall.

The education level and employment rate are inversely related for both refugees and the host community, a situation known as the puzzle of the educated unemployed. For both refugee and host populations, those with secondary education and some tertiary education have the highest rates of unemployment while those with higher levels of tertiary education have slightly lower rates of employment. Additional macroeconomic and policy analysis is needed to address the inverse trend on returns to human capital and identify key policy solutions such as supporting the creation of skilled jobs.

For both refugees and Ugandans, higher education levels are associated with better employment outcomes. While refugees with higher education are more likely to be unemployed, they are also more likely to be searching for a job and hence likely to participate in the labour market. Paid employment is shown to increase for refugees with higher education levels, especially for people who have completed secondary education or higher.

To improve labour market outcomes, it is essential to address risk factors limiting transition to secondary school. Despite evidence of better employment outcomes through higher education, secondary school completion rates are low for refugees while that for nationals is declining. The transition is limited by several factors, including poor performance on the primary school leaving examination. The financial burden of tuition and the opportunity cost of attending school – that youth cannot work to supplement household income – are additional constraints, especially for refugees. Supporting exam preparation as well as granting tuition and conditional cash transfers to families of students who pass the primary leaving exam can help support refugees at risk of not transitioning.

Equal access to quality education is crucial for addressing poverty, unemployment and inequality. Among factors affecting the quality of education is the limited number of schools and poor infrastructure, especially in areas that host refugees. The World Bank Uganda Secondary

School Expansion Program will help close the infrastructural gap, though more needs to be done. This includes expanding the math and science curriculum for refugees, which are very limited and narrows academic choices and future career options and lifetime earnings potential. In parallel, increasing incentives nationally to attract math and science teachers to less desired locations should be explored.

Specific actions to support the education of girls are needed. Advocating for more safe boarding facilities, especially for girls, can help overcome issues related to distance of school from home and threats of sexual and gender-based violence/harassment 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. For both girls and boys, sustained efforts are needed to increase second chance education programmes.

Create skilled jobs and address mismatches between skills set and job requirements. 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 between refugees and hosts. The creation of skilled jobs in the labour market benefits both refugees and host community members.

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

Targeted support to small firms and self-employed refugees in ways that increase skilled jobs. Such measures can help firms to grow, be more productive and profitable, and hire more skilled workers. In particular, improving access to finance 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 during periods of low revenue. ■