



► Refugee inclusion in practice: Experiences, outcomes, and impacts

Episode 6 – Refugees at work – What are their prospects?

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► Transcripts

► Tom

Some 70 percent of the world's 32 million refugees are hosted in low- or middle-income countries, many with fragile or weak economies. Many would like to go home but can't. And most refugees want to work while in the host countries, to provide themselves and families with a livelihood. The scale of forced displacement has underpinned a profound reconfiguration of the architecture and international response that has taken place over the past decade. This is both at the international and the host country level.

So, how are these issues being addressed within what's called HDPN – the Humanitarian-Development Peace Nexus, or just the Nexus? What are some of the economic and livelihood impacts of this nexus on refugees and their host countries? What are some of the constraints for labour market access and the right to work for refugees? And what are the most important actions and policies host governments can undertake to address these issues?

These are some of the issues we're exploring in this new podcast series "Refugees at work: What are their Prospects?" It's being presented by the ILO's PROSPECTS programme, or "partnership for improving prospects for forcibly displaced persons and host communities."

I'm your host Tom Netter for this series of podcasts. In this episode, we talk to two expert researchers in Norway, Svein Erik Stav, Senior Researcher, Global Studies, Fafo Institute for Labour and Social Research, and Tewodros Aragie Kebede, Senior Advisor at the Norwegian Agency for Development Cooperation (Norad) in Oslo, Norway and previously a Researcher at the Fafo Institute for Labour and Social Research.

Svein Erik and Tewodros, welcome to the podcast.

► Svein Erik

Thanks a lot.

► Tewodros

Thank you.

► Tom

Let's start from the beginning. In general, what have been the main economic and livelihood impacts of the HDPN on refugees and their host communities? Has this HDPN been more effective in some countries than others? And if so, why? And can you give some examples? Let's start with Svein Erik.

► Svein Erik

I think before I go into that, perhaps we should say something about the link between the HDPN, which I from now on will call the Nexus, it's a lot easier, and the concrete experiences that we have and the projects that we have been looking at, because the concrete projects or the initiatives and programs that we find out on the ground are based on the Nexus or inspired by the Nexus, and they don't necessarily include all the visions and components that you find in the theoretical model.

And most of the experiences that we have are from projects in four countries where we have been a lot on the ground the last 10, 15 years. That's Jordan, Ethiopia, Uganda, and partly in Colombia, in connection with the World Bank project that we did in the last four years.

I'll probably come back to these links because you find different aspects of the Nexus in the concrete programmes or projects that we speak about. But to say something general on your question, the main economic and livelihood impacts of the Nexus or the programmes that we have been working on, economically, you see actually few negative, we talked mostly about projects where refugees are granted access to the labour markets. That's the kind of the main component of all the programmes that we have been looking at. And that is, of course, the starting point of lobbying or giving refugees opportunity to be self-reliant and perhaps also contribute to the local economies.

But the the main point is actually to get access to formal jobs or formal work permits and to be able to be self-reliant. And when we look at the effects of this, in general, there have been few negative effects on host populations. Perhaps that is a bit surprising, there is more and more economic literature on this this issue. So not so surprising today as it was perhaps five, six, seven years ago.

But when refugees enter labour markets in host countries you can see actually very few negative economic impacts on host populations or groups of the population. There have been some negative impacts on particular sectors and particular groups in the in the host countries but these are very few and there have also been created opportunities for host population because of the expanded market that comes with the refugees.

If you look at the countries where you have programmes, which have granted work permits to refugees, there are actually more positive impacts in the way that the refugees have more formal jobs, they have more decent jobs, their earnings have increased like in Colombia and Jordan. We'll probably come back to more of these concrete examples later on.

But in general, granting refugees access to work permits also allows the governments to kind of manage where the refugees work. In that way, they are also able to protect certain sectors and to protect like vulnerable groups in the labour markets. I think that is perhaps the general picture that we have seen from where we have been working. Perhaps you want to add something to that, Tewodros.

► Tewodros

Yeah, thank you. I think one of the, perhaps the main economic and the impacts of the, I think the core lesson perhaps on the Nexus has been sort of the shift towards long-term solutions for displacement. And it works best when host governments take ownership and development and humanitarian partners are aligned. It's not just about, you know, development assistance per se, but it's about integrating refugees into economic and social systems. What we've seen in Uganda, for example, where the Nexus has been embedded into national frameworks, refugees have the right to work, move and access land, a very peculiar and interesting case. Studies show that rural host communities often experienced 3% increase in consumption, which is driven by, of course, development assistance flows and refugees demand as well.

Similarly, in the case of Ethiopia, where legal reforms were made, particularly in the 2019 refugee proclamation, although implementation lags, work access is rather limited, and especially outside camps. So the potential of the Nexus remains rather, what I call, underused. So broadly speaking, I think the lessons here is that where the nexus works, where refugee's inclusion is part of a national development strategy backed by a political will. At the same time, local buying in and also adequate funding, right? So the Nexus becomes more and more a reality when policies are aligned with livelihoods on the ground. That's what I could say.

► Tom

Thanks to both of you for that. Now, I want to follow up and be a bit more specific on the main outcomes and impacts on host countries and communities of labour market access and right to work programs for refugees. And also, Tewodros, can you elaborate on how host countries have adapted where refugees have access to employment and give some examples?

► Tewodros

Yeah, I mean, the primary adaptation has something to do with the legal labour market access for refugees, which improves impact or outcomes for refugees and at the same time host communities, when it's done well. So oftentimes it reduces informality, improve earnings and protect workers. And more crucially, I think this area is more studies increasingly find that no large negative impact, as Svein Erik was saying earlier, or the impact on host employment as such.

If we take the example of the Jordan Compact, for instance, despite all its limitations, Syrian refugees received work permits in agriculture and manufacturing and construction. Different evaluations in our previous assessment shows that no reduction in host employment, in fact, formal employment earnings for Jordanians rose by about 4-5% in areas where the sectors are included.

Ethiopia and Uganda is also another example. Despite you know progressive policies, employment remains mostly informal. Refugees engage oftentimes in low-productivity sectors due to limited access to capital. And also, especially in the case of Ethiopia, slow implementation of work permit permits systems. So here, I think the reason has something to do...the right to work matters, but the delivery of access matters more when permits are overly restrictive and delayed or disconnected from economic realities on the ground, the benefit seems to be rather limited.

► Tom

Thanks. Sven Erik, do you have anything to add to that?

► Svein Erik

Just thinking that maybe this is a more macro level reflection because I think I started out in Jordan very early after the Syrian crisis, and we had a project where we looked at the impacts on Syrian refugees on labour market outcomes. We actually compared also immigrant workers from Egypt with Jordanians and Syrians. And we looked at labour force outcomes from 2011 when the Syrian crisis started up until 2015. And that gave me some interesting results. Based on official Jordanian statistics, labour force survey statistics, we saw that there were very little impact on the labour market from the start. But in the last year, it seems like the market became saturated and actually the Syrian refugees started competing with each other.

And that made me reflect on what is actually the main reason that you can create jobs and let refugees or others into the labour market without seeing almost any negative impacts on host communities or other populations in the beginning. Perhaps it's just the economic boost that follows the refugees. And that you expand the local economy or the national economy in the host country, which allows for more jobs. But that only goes to a certain point, where the market becomes saturated, and then you get more competition. And this is before the Jordan compact, so it was actually mostly Syrian refugees working in informal employment.

And this is also something that I've been reflecting on later. You can ask the question whether any model, even the compact model to be sustainable, is dependent on external funding. And how much are we actually able to manage and to direct within the model? Perhaps this is a bigger question that we can come back to in the end of the programme, but it asks the question related to the sustainability of the Nexus model itself.

I'm not sure if you have any reflections on this as well, Tewodros, in the cases that you have been working on.

► Tewodros

As you say, I think, some of my reflection that relates to about again on the extent to which the Nexus has been internalized within the national frameworks. I think that's quite key for its success, and we see it in Uganda, comparatively speaking, also in the case of Ethiopia, implementation matters, right? And although you have the most progressive law on paper, actual implementation matters. And this is pretty much what I see what matters for the effectiveness of the Nexus that you're referring to, Svein Erik.

► Tom

Well, that brings me to the flip side, which is we've talked about the impact, but what are some of the main constraints for refugee employment and labour market access? Tewodros, can we start with you?

► Tewodros

Yeah, I mean, when it comes to constraints, some of the major barriers that we have seen has something to do with the legal status, right? The formalization of the right to work seems to be the primary concern in many of the settings. But it goes also beyond the legal status. Even if the legal framework doesn't allow, there is a lot of informality that is going on in areas where there is or there is not legal frameworks for the refugees' right to work. To a certain degree, some level of discrimination and also connectivity to the local market.

In legal barriers, for example, in many countries, refugees face, you know, sectoral restrictions, as we have seen in Jordan, for example, geographic limitations because of the right to move and also issues related to implementation, for example, in issuance of, you know, work permits.

Beyond the legal constraints, when it comes to also the more economic dimension of it is the capital constraints in Uganda and Ethiopia, for example, in our studies, refugees struggle to access, you know, access to finance or even basic tools to start a business. In Kampala, in our last study, the majority of the refugees rely on what we call unearned income or informally obtained income compared to quite a limited size comparison when comes to the hosts.

There are also social barriers. Refugees lack often networks to certain degree, depending on context. There is some level of discrimination who gets to work as well. And oftentimes also they don't have the credentials, recognized for work in terms of what kind of education, what kind of skills that they bring into the new context that they are now living in.

So even in Jordan, for example, even with a permit, finding a decent job remains difficult without connections and skills alignment. So the constraints we recognize are also access to work is not only the same as access to opportunity. And then it seems to me that without any targeted support, especially for capital or social integration, the right to work becomes a bit more symbolic than a substantive aspect. So to summarize, I mean, they have the legal, the capital and the social barriers that refugees are navigating in the context that they that they live in.

► Tom

Svein Erik, do you have any thoughts on on constraints?

► Svein Erik

Perhaps, perhaps I can add one point to that, Tewodros, because as we have seen in, at least in the beginning of the initiative in Ethiopia, that there are also some legal constraints, because when you adopt a policy based on the Nexus, you also struggle with old kind of legal systems. There are lots of national legal systems that is a constraint when you want to enter the labour market in practice.

And that is what we saw a couple of years ago when we did a study in Ethiopia, that on paper, they have adopted a model based on the Nexus and granting work permits to refugees, but in practice, it still was very difficult for the refugees to enter the labour market and get jobs because of old legal systems and barriers in the legal system. But this is something we have seen also in Jordan when they adopted the compact years before Ethiopia, and this is also something that had to be adapted in Jordan in the beginning, and they have become further. So this is perhaps a natural situation when you have a new model and you have old system and you need to adapt.

► Tom

Well, okay. Then it leads me to another question. What are the most important changes that host governments can make to enhance refugees' labour market access and employability? Svein, do you want to start on that?

► Svein Erik

Yes, first of all, it's probably to do in practice what the core of the Nexus says, that you should have a development perspective from the start of a refugee situation, and then integrate humanitarian efforts and so-called peace efforts into that kind of framework. And this was also the kind of the motivation for constructing the model. We have seen that a many of the humanitarian interventions were very short-term and not sustainable in many ways.

So I think the most important thing is that you have to be realistic from the start of a refugee situation. And you have to integrate the refugees and the situation into the development plans and not seeing refugees as a kind of threat to the development plans, which was very common before the compact model was so common as it is today.

And of course, the other thing is what I briefly mentioned in your last question, that there is also a lot of adaptation that needs to be done and you have to, what is popularly called, localize the model itself to the reality on the ground and the real reality in the host countries. I think these are the two most important considerations in my mind, that you need to include the refugees into the development policies and not seeing them as a threat, and you need to adapt what is still a theoretical model in many aspects to the reality on the ground. And that, of course, brings up a lot of other questions on conditionality and things that follows the model. But that's another issue.

► Tom

Tewodros, what are your thoughts on this?

► Tewodros

Yeah, I mean, I agree with what Svein Erik was referring to. And my thought on some of the important changes that host governments can make to enhance refugee labour market access has something to do... We've seen a lot of developments over the past years, right? And majority of it has something to do some level of improvements in the legal systems.

But I think also efforts must go a bit beyond the legal reforms. So there is a need to keep refugees with tools, perhaps capital and overall support systems and do so in a way also that benefits the host communities, right? Some of the more specific things or lessons that we can draw has something to do, For example, a streamlining work permit access so that they remove the sector caps, as we've seen in Jordan, for instance, or simplify some of the administrative barriers that we are experiencing contexts such as Ethiopia.

Another dimension could also be some level of investment in employability. This has something to do with language training, for example, credential recognition, and also market-relevant skills in the context that they live in. And another aspect could also be support for some level of , we see a lot of entrepreneurship, a lot of motivation. So some level of support for self-employment could go a long way in terms of grants, inputs, microcredit, especially in settings where refugees are experiencing informal economies. This could be some of the key lessons.

And eventually also perhaps the last one from my side would be to focus on design for context, right? Build on existing labour market structures and focus on, for example, in Uganda and rural areas, agriculture is a mainstay. As we've seen in Colombia, it could be the service sector. So legal status is the first step, but for refugees to work, I think governments should build what we call enabling ecosystem from training and capital to markets and regulations.

► Tom

Well, okay. In that context, what are the policy recommendations that you would prioritize for governments and international organizations that would enhance refugee access to sustainable livelihoods and decent work opportunities? Let's start with Svein Erik and then go on to Tewodros.

► Svein Erik

Yeah, okay. Well, then I come back to the answer I gave you on the last question, that it's important to integrate refugees into the development strategies for the host governments.

I think it's also very important that we have a system where we share some of the experiences and results that have come out of so many studies in the recent years. Perhaps surprising for many that you don't see so many economic

negative impacts from refugees entering the labour markets, whether it's formally or informally. Because that has been one of the key points and one of the key justifications for having restrictive refugee policies in the past. And there are more and more studies showing that the effects are at least not negative, and in many instances, if you take control of the situation, there are also many positive impacts to gain from models or initiatives based on the Nexus. So I think it's still perhaps not shared well enough, even at the international level and to governments hosting refugees.

And also the other point about localizing the models. I think this is crucial that you adapt the theoretical model to the realities on the ground. And I think Jordan is a quite good example on that. They have kind of adapted the practicalities around the model from 2018 and even before that, and up until today. And you see actually the results are also become more positive along the way, and they have also managed to shield some of the vulnerable sectors and groups in that way.

Yeah, I think I'll leave the some other points to you, to Tewodros.

► Tom

Go ahead, Tewodros. Thanks, Svein Erik.

► Tewodros

Yeah, thank you. Yeah, I think I agree with you, Svein Erik, on aspects that you have mentioned. But to perhaps even nuance it a bit more and to be more specific, I think, first of all, I think to sort of, you know, to ensure what we call, you know, sustainable livelihoods for refugees, even also for the host communities, I think, this is a subject that you have worked a lot, Svein Erik. I think the policy coherence, how coherent policies are, the level of local alignment, understanding the actual context, and also shared the investment both on host and refugee spaces that promote resilience of both communities. We covered quite a bit on the local legal inclusion earlier, the right to work dimension remains important, particularly when it comes to implementation. So that should be somehow one priority focus or recommendation, perhaps.

And also some level of targeted support for vulnerable host communities, because sometimes to avoid and to prevent backlash, because refugees and host communities coexist in a particular context. So something that enables to buffer these transitions in terms of, like perhaps some level of training and some level of shared infrastructure investment, it could be on markets, could be on schools that can all benefit both host communities and the refugees, could go a long way.

So I think if one wants to sort of, you know, have long-term what we call durable solutions, I think we must go beyond, as the Nexus is also calling, beyond the emergency mindset, but more also towards enabling these economic actors and potential contributors that is relevant for the development of both host and refugee communities. That's what I could say.

► Tom

Well, that was very interesting, and I want to thank both of you for providing us with your expertise and experience on this issue. That's all we have time for today, but there's more about the overall issue of refugees and forced displacement in our other podcasts. You've been listening to the podcast series, Refugees at Work: What are their prospects? For more on this, go to www.ilo.org/prospects. Meanwhile, thank you for your time.

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