

Jobs and Forced Displacement: Labor Market Impacts and Cost of Jobs Support

Copenhagen, November 28, 2022

Jan von der Goltz, Kirsten Schuettler



Building the Evidence on Forced Displacement



Jobs and Forced Displacement - Motivation

Labor Market Impacts of Forced Displacement

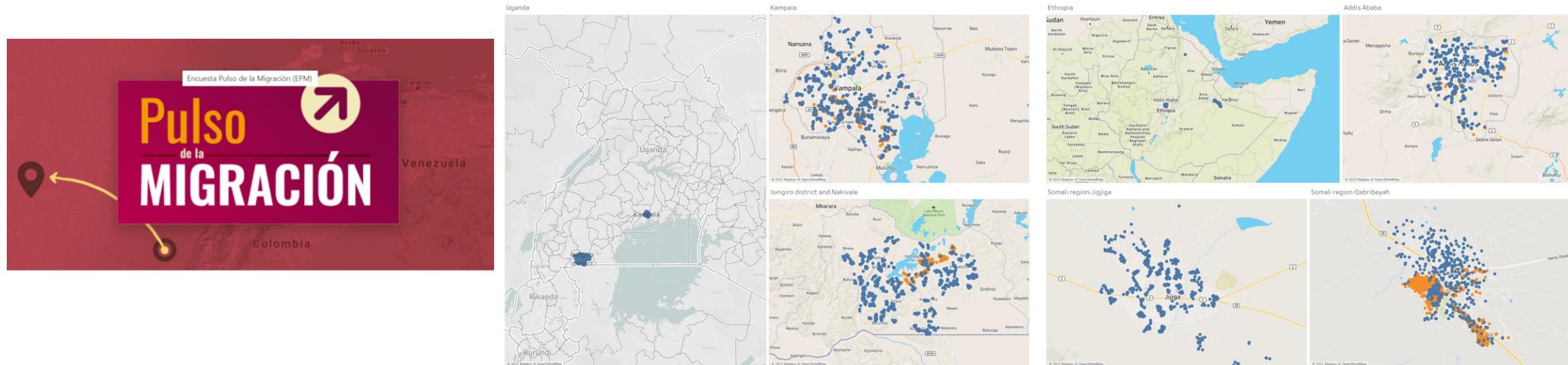
- Limited systematic empirical evidence on impacts across contexts and on transmission channels and factors that explain divergent impacts, including policy.
- Lack of data on refugee characteristics and labor market activity in the same locations as locals which could help explain impacts.
- Few experimental designs to analyze relationships between hosts' perceptions and refugees' interactions and impacts on local labor markets.

Cost of Jobs Projects in Conflict and Forced Displacement Contexts

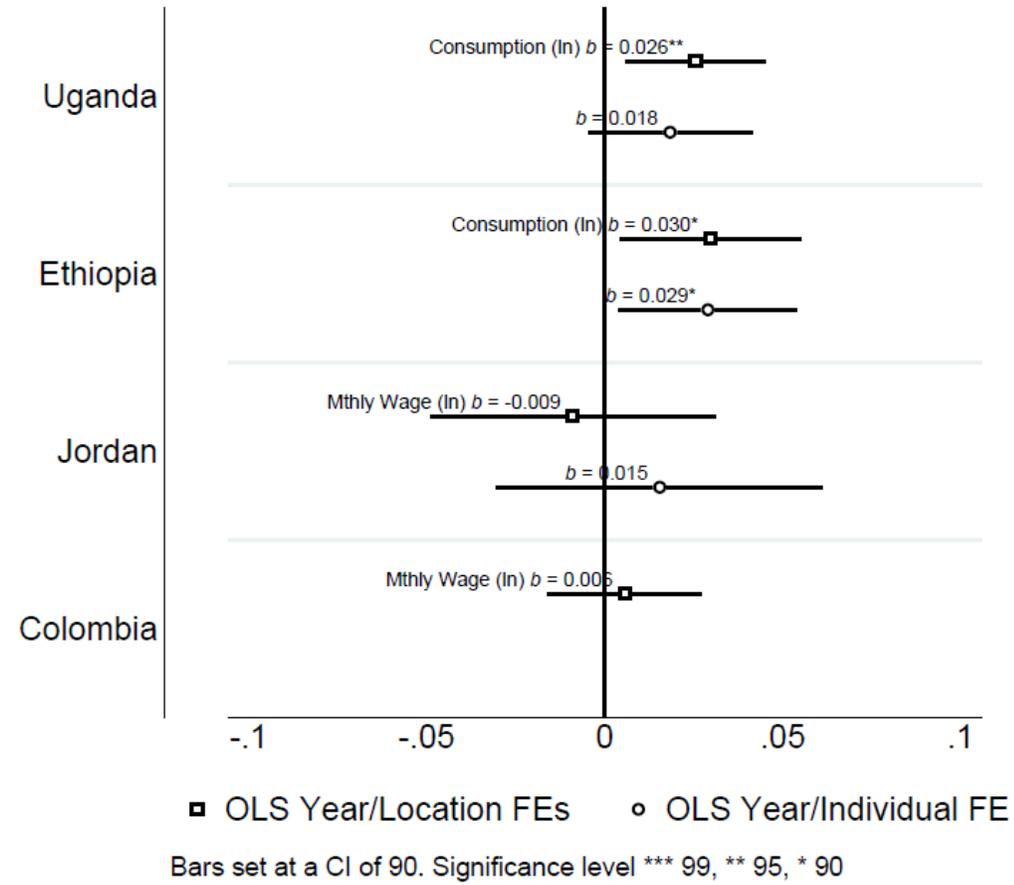
- Have started to build knowledge on what works in supporting jobs in FCV and forced displacement, but rarely pay attention to the cost of support.
- While important everywhere, cost-effectiveness matters especially in FCV and forced displacement contexts given enormous needs.

Labor Market Impacts Study - Design

- **Harmonized secondary data analysis** for Uganda, Ethiopia, Jordan and Colombia.
- **New data collection complementing existing data sets**
 - Ethiopia and Uganda: hosts and refugees in Addis Abeba, Jijiga, Kampala, and Nakivale – study key labor markets in detail to complement national data.
 - Colombia: Venezuelans on national level – add labor market module to tracking survey to provide more in-depth information complementing household survey.
- **Experiment** on host perception in Ethiopia and Uganda.



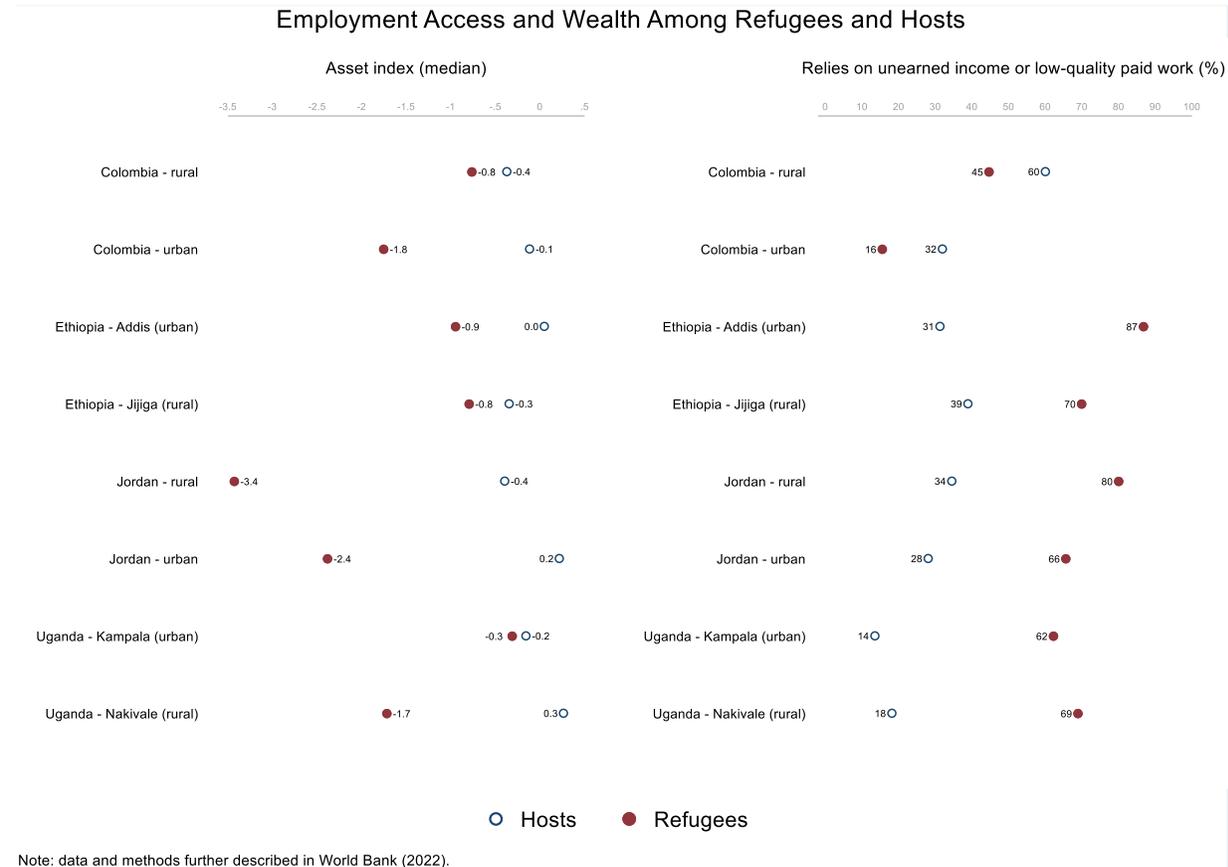
Selected results: harmonized analysis



- Across the four economies, there are gains or no change in welfare in the aggregate in refugee-hosting communities;
- In some cases, there are winners and losers in the short-term.
- The analysis of impacts on hosts needs to see refugees not only as workers but also as consumers.
- Hosts' job activities reflect a 'move to opportunity', notably in agriculture – policy can support such shifts.

Selected results: detailed labor market studies

- Even in restrictive policy environments refugees work, notably if they are not able to access sufficient financial support.
- In all contexts, refugees work under more precarious working conditions than hosts.
- With higher debt and lower assets and access to finance, refugees face difficulties in labor markets where self-employed activities are the norm.
- Policy environments matter for refugee jobs outcomes.

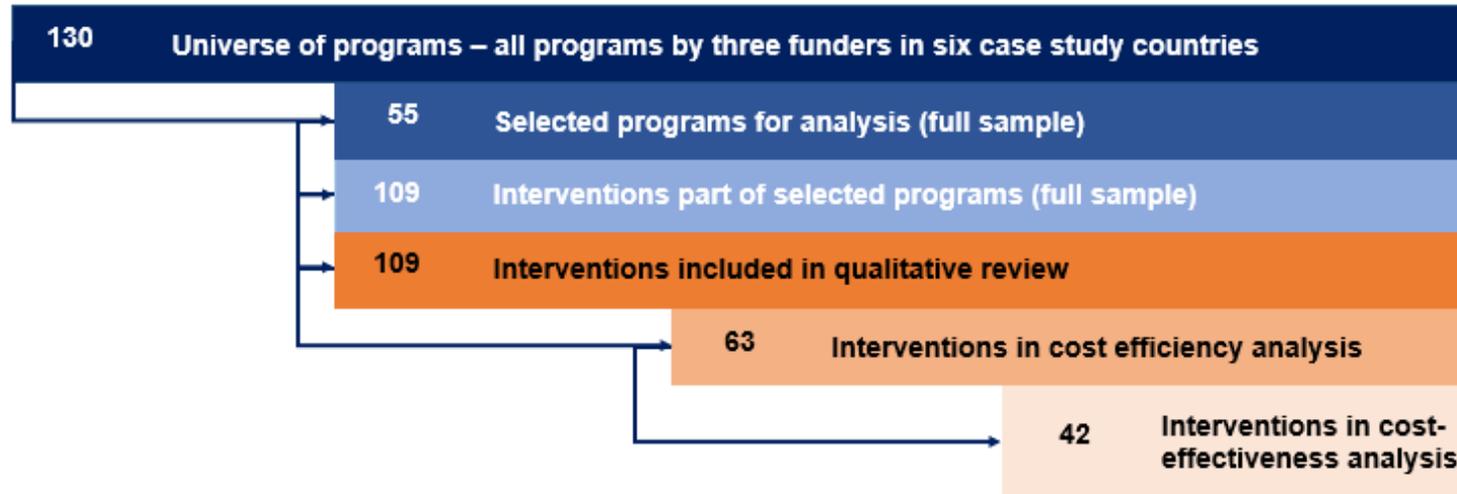


Cost of Job Support Study – Design

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

Number of programmes: 55				Context		Targeted beneficiaries	
Number of interventions: 109				Conflict affected	Non-conflict affected (stable/fragile)	Forcibly displaced persons and host	Nationals only
Single interventions – using one job creation approach: 76	Training	11	4	7	7	4	
	Job matching and brokerage	7	1	6	5	2	
	Graduation approach	2	0	2	1	1	
	Access to finance and microcredit	27	8	19	7	20	
	Public works	16	9	7	5	11	
	Market systems: value chain approach	13	3	10	2	11	
Combined interventions – using multiple job creation approaches: 33	Job matching and brokerage + training	8	3	5	2	6	
	Access to finance + training	13	5	8	3	10	
	Access to finance + business support services	10	3	7	3	7	
	Access to finance + business support services + training	1	1	0	1	0	
	Access to finance + training + public works	1	1	0	0	1	
TOTAL			38	71	36	73	

Obstacles



- **Measuring cost is difficult**, perhaps more so than one might assume.
- **Reporting is not geared toward assessing cost** per output or outcome. E.g., it is hard to associate spending with support modalities.
- There is still **very limited reporting on outcomes**, much less IE.

Cost per beneficiary – cost efficiency

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

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

Cost per job or dollar of additional income – cost effectiveness

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

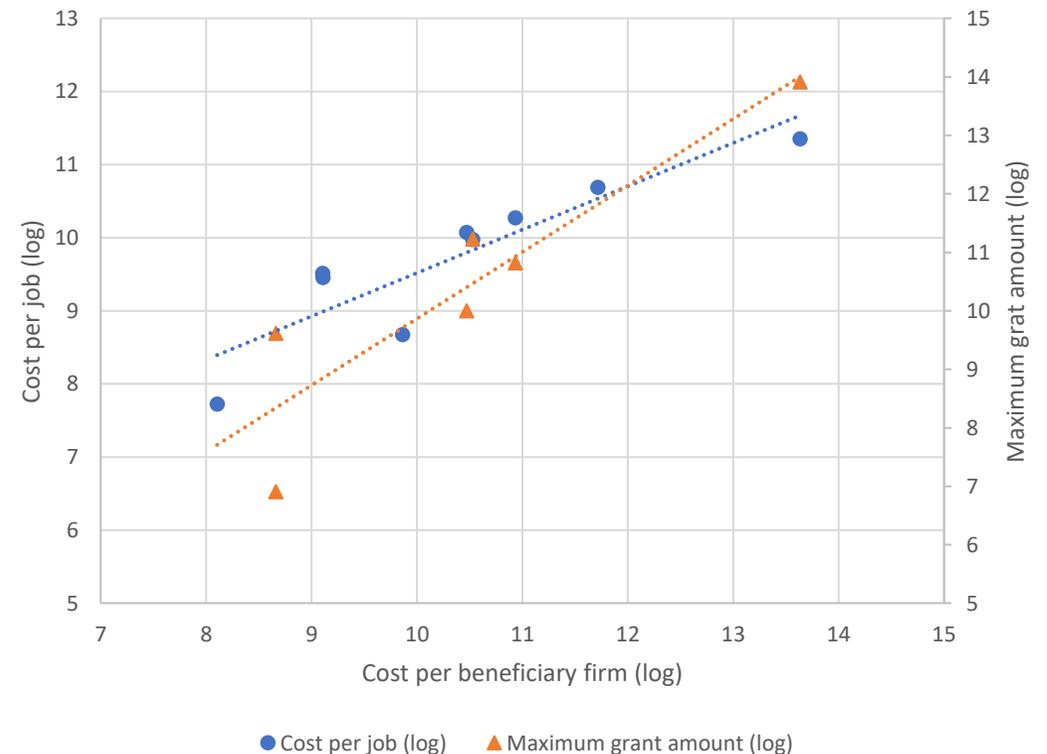
Cost per \$ additional income	N	Median
Capital support and access to finance	3	\$0.30
Value chain interventions	3	\$2.03

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

Cost per job – support to businesses

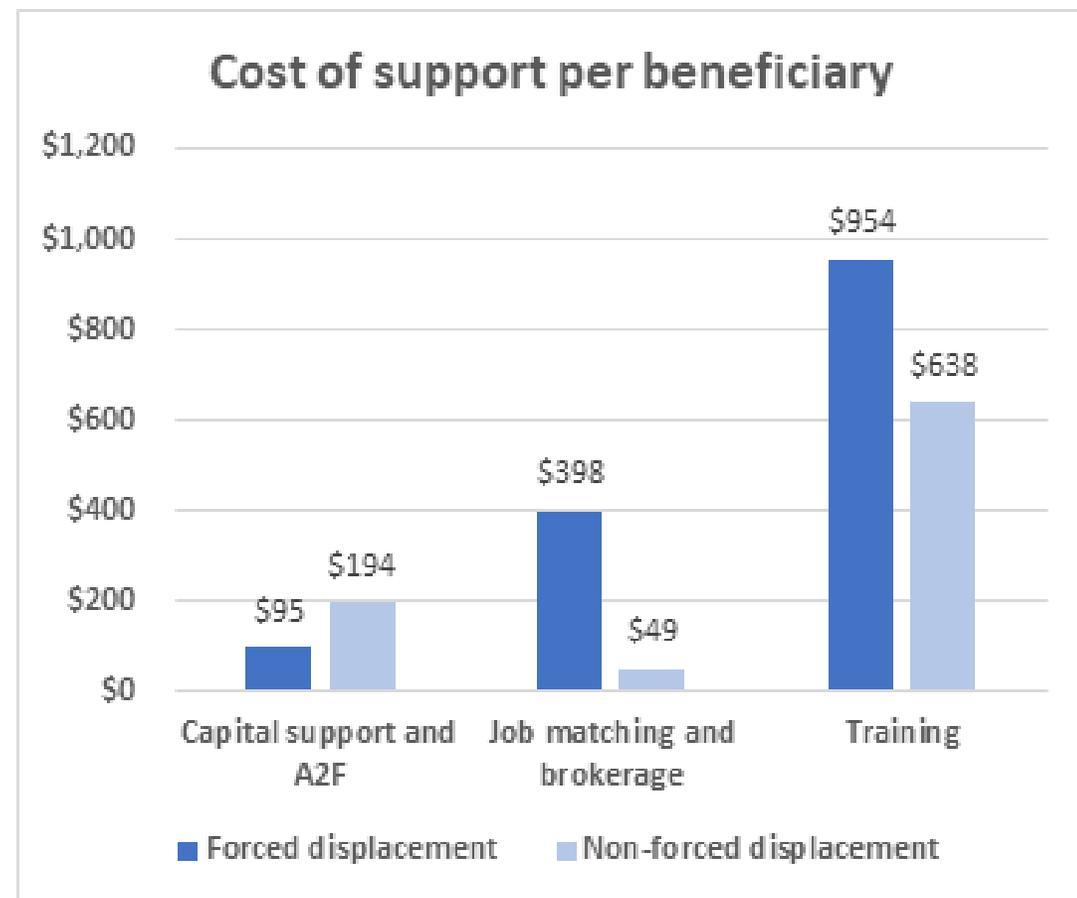
- **Median cost per job is about \$14,000** across 13 interventions.
- **Job quality and growth matter for the odds of breaking even.**
 - Projects would typically break even if they sustain employment for 2-5 years and pay at least minimum wage.
 - If they pay instead the median income per worker, they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

Grant amounts correlate with spending per firm and cost per job



What's different in FCV/FD?

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



Implications

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

Implications for FCV and FD

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

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

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

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

Thank you!

Report: [Cost of Jobs Support in Conflict and Forced Displacement](#)

Jobs Note: [Jobs in FCV](#)

Jobs Note: [Jobs and Forced Displacement](#)



Building the Evidence on Forced Displacement

