

Improving Access To Labour Markets for Refugees: Evidence from Uganda

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Abstract

In order to answer to the recent prolonged refugee crises, governments and international institutions are focusing on the creation of economic opportunities (jobs and businesses) for refugees. Yet, refugees, especially in developing countries, may find it particularly hard to access local job markets for various reasons. By exploring both sides of the labor market, this project collects evidence on what frictions refugees face to access local labor markets in Uganda. We find evidence of pervasive discrimination by SMEs in major urban areas, incomplete or wrong information around the legal status of refugees in the country, discrepancy between what refugees do when looking for jobs and what firms ask to job-seekers, and presence of in-group favoritism among refugees and a general low level of trust towards locals. Lastly, we explore what factors would help refugees to move outside their settlements and look for jobs in urban areas around the country.

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1 Introduction

Recent conflicts and sectarian violence have produced the highest number of refugees ever recorded in the world¹. Currently almost 20 million of refugees have been forced to flee their homes. The greatest majority of these people are hosted by developing countries. For these reasons, the efforts of the UNHCR and other partners are moving towards a new approach in refugee management: from the prevalent emergency perspective to a development one. The Refugee Compacts, focusing on the creation of economic opportunities for refugees, are an example of such approach. Yet, refugees, especially in developing countries, may find it particularly hard to access local job markets, for various reasons. On the labour demand side, there may be information frictions: firms may find it hard to vet refugees' skills e.g. for their lack of education certificates, or the lack of experience in relevant sectors of the local economy. Firms may also face political and legal uncertainties that distort their hiring decisions, i.e. firms may be willing to hire a refugee, but if they think that current national laws do not grant refugees' right to work, they may prefer not to do so. Finally, firms may discriminate against refugees: discrimination can be statistical (Phelps, 1972; Arrow, 1973; Bordalo et al, 2016) - for instance, perceiving refugees not to be as hard workers as nationals based on stereotypes and social stigma; or taste-based (Becker, 1957), if local employers dislike to work with people of different nationalities or ethnicities. On the labour supply side, refugees may find it hard to access local labour markets because of their lack of connections (whence a lack of referral opportunities), knowledge of local markets and/or because of language barriers. Finally, there is a wide array of different approaches adopted by host countries concerning refugees freedom of movement and right to work (Zetter and Ruaudel, 2016). Among the most restrictive policies, for instance, refugees may be confined or incentivized to remain in camps or settlements in rural areas, typically far from the more productive urban labor markets.

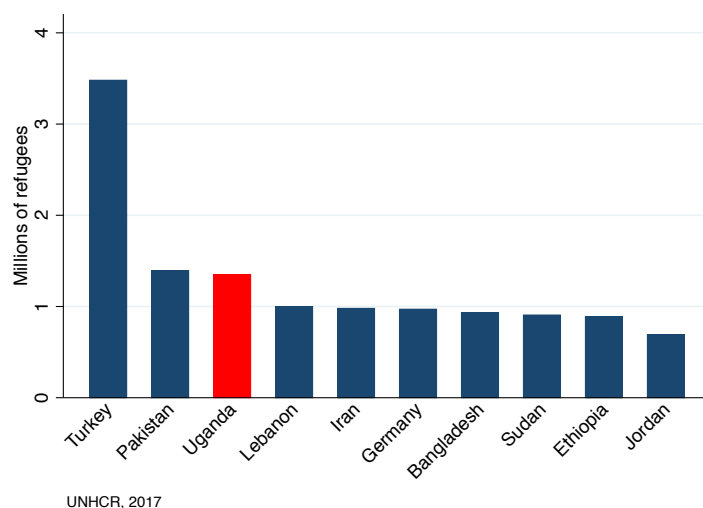
The main purpose of this work funded by the IGC in Uganda is to understand the most relevant constraints that refugees face when they look for jobs in a developing country. Our most relevant finding is that refugees suffer from discrimination from local employers. While we cannot conclude whether discrimination towards refugees stems from incorrect beliefs, we document that discrimination exists. Discrimination against minorities exists and is pervasive in various domains

¹<http://popstats.unhcr.org/en/overview>

(Bertrand and Duflo, 2017). In particular, studies have shown that many minority groups have systematically inferior labor market outcomes. Understanding how to contrast discrimination as a source of inequality in labor markets based on gender, race and ethnicity is a question of great importance for public policy (Neumark, 2018).

We choose Uganda as a case study. It is the third largest refugees hosting country in the world and the largest in Africa.

Figure (1) **Top 10 refugees hosting countries**

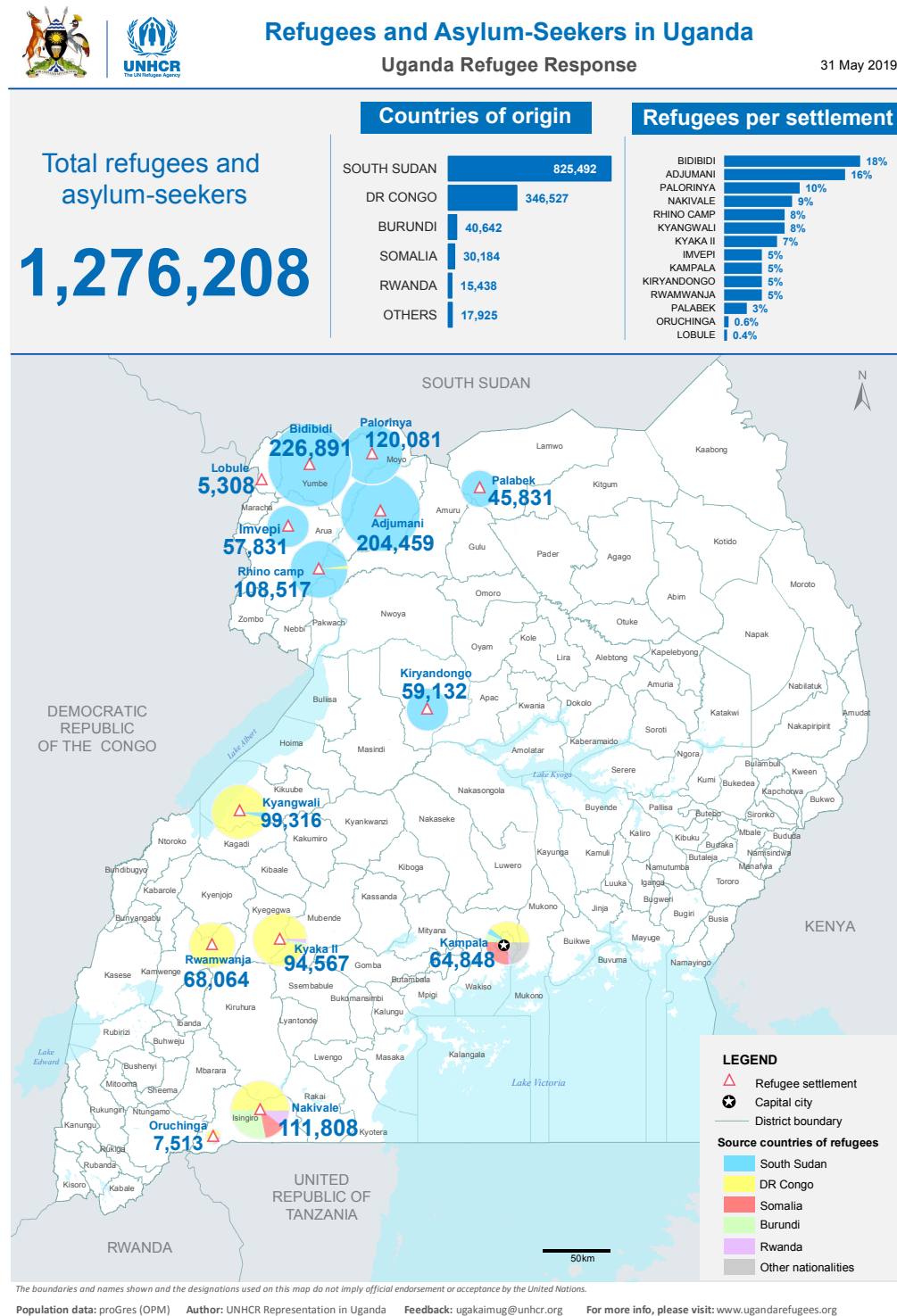


Uganda’s host policy, granting refugees complete freedom of movement and full right to work, has been praised worldwide for its openness and generosity. Refugees that choose Uganda as their host country come mainly from neighboring states in turmoil such as South Sudan, the Democratic Republic of Congo, Burundi, and Somalia. As in many other countries, Uganda constrains assistance on living in one of the locations around the country designed to host refugees and asylum-seekers. However, in contrast with the policies adopted by other countries, refugees are free to decide to live on their own. Refugees that do so are considered self-reliant and are free to choose to live anywhere else in the country. Moreover, Uganda refers to the locations designed to receive the refugees as “settlements” and not “camps”: refugees are indeed invited to live among the local communities. The aim is to create a melting pot with the target to speed up their integration. In order to increase the chances to become self-reliant, the government of Uganda generously provide refugees with small plots of land where refugees can build their shelters and cultivate their crops.

Uganda has 30 settlements vary in size, age and composition. While the greatest majority of the

refugees come from South Sudan and live in the settlements located in the Northern region, refugees from the Democratic Republic of Congo and other countries are concentrated in the Western and South-Western regions.

Figure (2) Refugees and Asylum-Seekers in Uganda



From a policy perspective, we build on recent studies such as Clemens and Hunt (2017) that

show that while the negative impact of refugees on native workers labour market outcomes are negligible and short-term, the positive ones are long-term and significant; and Clemens et al (2018) that argue that refugees should be granted formal access to labor markets in order for them to produce significant positive impact on local economies. From an academic point of view, we are connected to the literature on forced displacement (Becker and Ferrara (2019)), by studying frictions to integration for forced migrant in the host country. We aim to contribute also to the literature on discrimination (Bertrand and Duflo, 2017), by studying labor market discrimination against migrants in a developing country. Finally, we aim to contribute to the literature on migration, by underlining what factors can make migrants decide to locate in different places in the host country.

2 Data Collection

The main purpose of this project is to understand the major constraints that refugees face when they look for jobs in Uganda. We approach both sides of the labour market. Our investigation consists in a detailed data collection and three simple lab-in-the-field experiments with both refugee job seekers and local firms (owned by Ugandans) in two major cities in Uganda: Mbarara and Kampala. Since we are also interested in the differences between refugees that live in rural areas and those that instead live in urban areas, we sample refugees from the refugee settlement of Nakivale and the cities of Mbarara and Kampala. Specifically, our sample is composed by refugees aged 18-40 who are looking for jobs (regardless of whether they currently have any income-generating activity) and firms active in manufacturing (carpentry, welding, food processing, etc.), services (hairdressing, tailoring, etc.) and trade (retail shops, soda and beer deposits, hardware shops, etc.) with at least 1 employee. The selection of these two groups is conducted in two different ways. In order to sample refugee respondents, we collaborate with local community leaders. We ask them to compile lists of potential respondents that fulfill the above-mentioned requirements. We then enter their names in a computer and randomly selected a sample of respondents, stratified by nationality and weighted by the relative “importance” of each nationality at the local level. In other words, almost half of our sample is composed by Congolese, with the remaining half divided between Burundians (approximately 30% of the total) and Somali (approximately 20% of the total). The aim is to produce a representative sample of the population of job-seeking refugees at the level of the cities of Kampala and Mbarara and in the settlement of Nakivale. Finally, in order to choose our sample of firms, we conduct a two-stage sampling procedure. We first select a random sample of villages/blocks for each city and we then approach potential respondents using a random walk, instructing different teams of data collectors to focus on specific sectors that are assigned to them on a daily basis. In approaching each firm, we specifically request to speak with the owner or with a person within the firm that could take managerial decisions.

Our final sample consists of 584 refugee job seekers and 401 Ugandan firms. Importantly, to reduce concerns related to the experimenter demand bias (de Quidt et al, 2018), we assign only refugee interviewers to refugee respondents and Ugandan interviewers to local respondents.

2.1 Firms and refugees samples

Table 1 and 2 describe our sample. Our firms are almost evenly divided across the three macro-sectors we described above, have on average 3.7 employees and less than half of them are formal firms (i.e. they have a tax identification number). Firm owners in this sample are quite educated, with an average of 16% having a university degree and a third at least having completed secondary school. On average these firms make about 10M UGX in revenues (i.e. approximately 2,600 USD). About 19% are currently looking for workers and the greatest majority (about 74%) states that they can hire someone with no prior connections to the firm owner. Moreover, about a third of them hire exclusively employees belonging to the same tribe as the firm owners one. Less than 20% of our firms have ever received refugee job-seekers and in total less than 8% have ever hired a refugee.

Refugees are on average 27 years old and only 30% of our sample is composed by women. They have been living in Uganda for an average of 5 years already, with approximately 39% of them originally from a rural area. Ten percent of the refugees have already ever lived in a camp prior to moving to Uganda. Almost all of them are officially registered as refugees in Uganda (97%). The greatest majority desires to move somewhere else in Uganda and virtually everyone desires to be re-settled in a third country. Looking closer to their job search behavior and skills, we find that about half of the sample has worked in their country of origin prior to fleeing to Uganda, both as paid employees and self-employed, and they have on average 4 years of experience in these jobs. More than a third of them received skills training since they arrived in Uganda. Seventy-five percent of them have searched jobs during the past year, while less than 70% of them kept searching jobs during the past month. About 60% have ever received any form of aid from the government or international organizations such as the World Food Program, but only about 20% of them have ever received a plot of land to cultivate - of these, less than a half still has access and cultivates it. Less than 10% of them have an active bank account and around 37% states that they can rely on a personal network of people they can seek financial assistance from in case of an emergency.

Table (1) Descriptive: Firms

	mean	p50	sd	min	max	obs
Mbarara	0.499	0.000	0.501	0	1	401
Kampala	0.501	1.000	0.501	0	1	401
Manufacturing	0.334	0.000	0.472	0	1	401
Services	0.347	0.000	0.476	0	1	401
Trade	0.319	0.000	0.467	0	1	401
Age	32.586	30.000	8.825	18	69	401
Female	0.327	0.000	0.470	0	1	401
No formal education	0.002	0.000	0.050	0	1	401
Primary	0.219	0.000	0.414	0	1	401
Secondary	0.359	0.000	0.480	0	1	401
Vocational	0.254	0.000	0.436	0	1	401
University	0.165	0.000	0.371	0	1	401
Level of English	2.327	2.000	1.183	0	5	401
Avg monthly sales, thousands	9785.796	2500.000	46138.522	80	800000	399
Avg monthly profits, thousands	1600.147	700.000	5092.645	20	92500	399
Profits per worker	409.733	216.667	776.070	4	10278	399
Total employees	4.763	3.000	5.432	1	70	401
Mean salary, thousands	289.072	215.000	301.132	0	4500	401
Currently looking for workers	0.190	0.000	0.392	0	1	401
Employ only same tribe	0.342	0.000	0.475	0	1	401
Asks ref. letter LC1	0.666	1.000	0.472	0	1	401
Can hire someone with no connections	0.741	1.000	0.439	0	1	401
Ever received refugee job seek	0.197	0.000	0.398	0	1	401
Ever hired refugees	0.077	0.000	0.267	0	1	401
Refugees should not work	0.392	0.000	0.489	0	1	401
Firm is formal	0.471	0.000	0.500	0	1	401

Table (2) Descriptive: Refugees

	mean	p50	sd	min	max	obs
Mbarara	0.281	0.000	0.450	0	1	584
Kampala	0.440	0.000	0.497	0	1	584
Nakivale	0.279	0.000	0.449	0	1	584
Female	0.372	0.000	0.484	0	1	584
Age	27.413	26.000	6.265	18	40	584
Length of stay in years in Uganda	4.954	4.000	3.393	0	28	584
Congolese	0.466	0.000	0.499	0	1	584
Burundian	0.320	0.000	0.467	0	1	584
Somali	0.214	0.000	0.411	0	1	584
Not educated	0.147	0.000	0.355	0	1	584
Primary school	0.337	0.000	0.473	0	1	584
Secondary school	0.397	0.000	0.490	0	1	584
University degree	0.115	0.000	0.319	0	1	584
Level of English	2.697	3.000	1.687	0	5	584
Cognitive skills	5.111	5.000	3.327	0	12	584
Rural origin	0.397	0.000	0.490	0	1	584
Traveled to UG alone	0.368	0.000	0.483	0	1	584
Resided in camps prior to Uganda	0.101	0.000	0.302	0	1	584
Officially registered as refugee in UG	0.973	1.000	0.163	0	1	584
Would like to move somewhere else, in UG	0.658	1.000	0.475	0	1	584
Would like to be re-settled in third country	0.990	1.000	0.101	0	1	584
Years experience in previous job	3.900	3.000	3.955	0	30	295
Received skills training in Uganda	0.377	0.000	0.485	0	1	584
Searched jobs, past year	0.745	1.000	0.436	0	1	533
Searched jobs, past month	0.685	1.000	0.465	0	1	584
Days spent searching jobs, past month	8.921	5.500	9.654	0	30	584

Applications made, past month	2.449	0.000	4.818	0	50	584
Money spent in applications, thousands, past month	28.611	6.000	67.669	0	800	580
Total nb jobs applied, past month	2.341	1.000	2.722	0	10	584
Used CV	0.243	0.000	0.429	0	1	584
Received job offers, past month	0.273	0.000	0.446	0	1	400
Refused recent job offer	0.140	0.000	0.349	0	1	121
Planned days searching jobs, next month	10.361	7.000	10.101	0	30	584
Planned applications, next month	3.369	2.000	5.134	0	30	578
Did work for income, prior to Uganda	0.507	1.000	0.500	0	1	584
Got LC1 letter	0.336	0.000	0.473	0	1	342
Was a paid employee prior to UG	0.361	0.000	0.481	0	1	584
Was self-employed prior to UG	0.130	0.000	0.337	0	1	584
Paid employee, past month	0.221	0.000	0.415	0	1	584
Paid employee, permanent, past month	0.068	0.000	0.253	0	1	584
Paid employee, casual, past month	0.152	0.000	0.360	0	1	584
Business owner, past month	0.144	0.000	0.351	0	1	584
Unemployed, past month	0.413	0.000	0.493	0	1	584
Out of labor force, past month	0.209	0.000	0.407	0	1	584
In school, past month	0.048	0.000	0.214	0	1	584
HH size	4.207	4.000	3.314	0	18	584
Lives alone	0.134	0.000	0.340	0	1	584
Owns house	0.143	0.000	0.351	0	1	530
Rate interactions with Ugandans	4.771	5.000	3.051	0	10	584
Trust in GoU	6.324	6.000	2.398	0	10	584
Trust in UNHCR	7.065	8.000	2.442	0	10	584
Trust in NGOs	5.303	5.000	2.729	0	10	584
Thinks pays high rent because refugee	0.488	0.000	0.501	0	1	385
Depression score	23.217	19.000	12.819	8	60	584
Ever received aid	0.616	1.000	0.487	0	1	584

Value of received aid, thousands	61.998	30.000	126.499	0	2000	360
Received plot of land	0.200	0.000	0.401	0	1	584
Still has access to plot of land	0.462	0.000	0.501	0	1	117
Monthly hh expenses per capita, thousands	172.121	101.433	229.945	0	2548	506
HH received remittances, past year	0.308	0.000	0.462	0	1	584
HH sent remittances, past year	0.058	0.000	0.234	0	1	584
HH got loans, past year	0.589	1.000	0.492	0	1	584
Savings, thousands	72.107	0.000	201.637	0	3000	584
Do you currently have a bank account?	0.099	0.000	0.299	0	1	584
Has a network that helps	0.373	0.000	0.484	0	1	584

2.2 Lab-in-the-field

We implement three innovative lab experiments, each with the aim of exploring frictions to accessing labor markets for refugees.

1. Vignette experiment:

We conduct a Goldberg Paradigm experiment to study reaction of firms to vignettes on refugee job seekers (Bertrand and Duflo, 2017). These types of experiments are useful to understand whether on average a group of people discriminates towards minorities. Beaman et al (2009), for instance, use vignettes to study gender bias towards female leaders in India. After careful piloting, we design and employ these vignettes to study whether on average firms discriminate against refugee job seekers.

2. Trust game with in-group discrimination:

Using a lab experiment implemented for the first time by Falk and Zehnder (2013), we study the extent of in-group favoritism among refugees and Ugandans. We condition the decision that a first mover can make on the nationality of the second mover and we study the difference in the (hypothetical) investment made by the respondents as first movers.

3. Discrete choice experiment:

Finally, we are interested in understanding what factors constrain refugees that live in rural settlements from moving to urban areas. Typically, urban areas provide better job and economic opportunities, but refugees in Uganda tend to live more in rural settlements far from the cities. Using a discrete choice experiment, following a strategy used by Lagakos et al (2018), we highlight some factors that can push refugees to look for better opportunities in urban areas.

3 Results

3.1 First result: discrimination towards refugees

The main aim of the vignette experiment is to understand whether local firms discriminate against refugee job seekers. We randomly divide our sample of firms in 4 groups of approximately 100, each receiving only one of four different stories, composed by one picture and one written paragraph. Two stories refer to a refugee job seeker, while the other two describe the job seeker as a Ugandan. In order not to prime the respondents about the aim of the experiment, we have carefully worded and created the pictures of the job seekers. The main character of the story was presented as either a job seeker from the Democratic Republic of Congo, now living in Nakivale (known for hosting a refugee settlement) or a job seeker born in a Ugandan town. We used a Ugandan-Congolese model to show physical characteristics of both nationalities. Additionally, all four pictures follow the “rule of third” for composition and share the same background except for one thing: the picture for the refugee job seeker includes a tent from the UNHCR in the background and we mention that he resides in Nakivale.

Figure (3) Vignettes



(a) Refugee



(b) Local

Story 1 describes the Congolese Robert: “Imagine your firm is looking for 1 new employee to start as soon as possible. The following person is seeking a job in your sector and in your city. His name is Robert and he is 25 years old. **He was born in the Democratic Republic of Congo and moved to Nakivale (Isingiro district) 2 years ago.** He speaks good English, Luganda and Lunyankole. He completed 10 years of school”. Story 2 instead describes Robert as a Ugandan:

“Imagine your firm is looking for 1 new employee to start as soon as possible. The following person is seeking a job in your sector and in your city. His name is Robert and he is 25 years old. **He was born in Isingiro**². He speaks good English, Luganda and Lunyankole. He completed 10 years of school”.

Finally, story 3 and 4 are exactly the same as story 1 and 2, respectively, but add the following information: **“and has 2 years of experience in this firm’s sector. He completed and received a certificate from a vocational training in this firm’s sector”**.

The distinctive features of this hypothetical experiment are the following. First, we clear out any concern due to language barriers, as we specify in all the stories that the job seeker has a good knowledge of both local languages and English. Second and most importantly, we are interested in understanding the source of any potential discrimination against refugees. By comparing story 1 and story 2 we are able to detect the presence of any discrimination. By comparing story 3 and 4, we are able to detect whether adding potentially valuable information on the job seekers work experience clears out any difference in attitudes by the respondent firms. If information matters, then we will be in presence of statistical discrimination. If adding information does not clear out these differences, then discrimination is taste-based. Statistical discrimination, however, can originate from wrong beliefs (Bohren et al, 2019). Employers, for instance, may have wrong beliefs about refugees average productivity and consequently will be less likely to hire or interview a refugee job seeker. As we do not measure beliefs, we cannot pin down the exact nature of discrimination. We find that by including information on the refugee job seekers experience reduces the extent to which firms are discriminating against them. In particular, we ask firms to rate how willing they are to hire the job seeker depicted in the vignette, how willing they are to interview him, how suitable they think he is to work for his or her firm, and how much they would pay him³.

²One of the major towns in South-Western Uganda, main town of the district with the same name.

³Firms were asked the following questions:

1. How interested are you in hiring Robert as a trainee? You can choose from a scale of 0 to 10, were 0 means Not interested at all and 10 means Extremely interested
2. How interested are you in interviewing Robert? You can choose from a scale of 0 to 10, were 0 means Not interested at all and 10 means Extremely interested
3. How suitable do you think Robert is for working in this firm? You can choose from a scale of 0 to 10, were 0 means Not suitable at all and 10 means Extremely suitable
4. How much do you think you will pay him?

Table 3 summarizes the findings.

Table (3) Vignettes on Robert

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Hire	Hire	Interview	Interview	Suitable	Suitable	Payment	Payment
T1 (refugee)	-0.449 (0.326)	-0.448 (0.326)	-0.313 (0.340)	-0.311 (0.340)	-0.043 (0.344)	-0.044 (0.343)	-4755.259 (16213.028)	-3633.309 (16522.074)
T2 (refugee + info)		0.444 (0.312)		0.808** (0.331)		0.816** (0.333)		48035.601* (27074.038)
T3 (Ugandan + info)		0.771** (0.308)		0.825*** (0.309)		1.406*** (0.302)		98953.649* (53347.397)
mean	5.155	5.155	5.631	5.631	5.369	5.369	154689.320	154689.320
N	205.000	401.000	205.000	401.000	205.000	401.000	205.000	401.000
T1 = T2		0.009		0.001		0.011		0.042
T1 = T3		0.000		0.000		0.000		0.051
T2 = T3		0.315		0.956		0.044		0.367

Controls: sector (manufacturing, services, trade)

Columns 1 and 2 consider the impact of the vignettes on willingness to hire the job seeker. The first specification compares the reaction to the vignette on the refugee job seeker (treatment group T1) with one to the vignette on the Ugandan job seeker (the control group). The effect is negative, even if not significantly different from zero. The second column reports the results of a full specification where we add the group of firms that receive the vignette of a refugee job seeker with information on his experience and education (T2) and the one of firms exposed to the vignette of the Ugandan job seeker with the same information on experience and education (T3). What we find is that by informing firms on the experience and education of the job seeker matters: the coefficient on T2 is now positive (although not significant). Column 2 shows that the coefficient on T3 is also positive, but significant. However, the effects of T2 and T3 are not statistically different from each other (p-value = 0.315).

The other columns report the results of similar specifications where the outcomes are willingness to hire the job seeker (columns 3 and 4), rating about his suitability to work at the respondents firm (columns 5 and 6), and proposed monthly payment in UGX (columns 7 and 8).

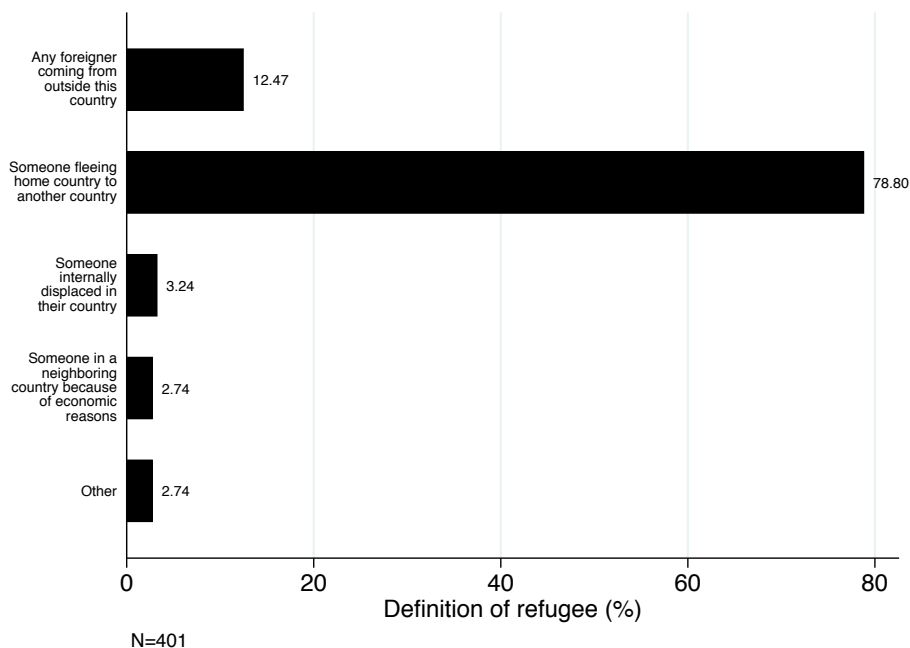
All across our specifications, we find that, in absence of any information regarding their experiences, refugees face discrimination both in entering the job market (the coefficients on T1 are all negative though not statistically different from zero, in columns 1, 3, and 5) and in the hypothetical monthly salary they would receive once entering the job market (as evidenced by the sign of the coefficient on T1 in column 7). Adding information on the job seekers past experience and education changes the effect of the vignettes about the refugee job seeker: the coefficient on T2 is

now positive and significant in columns 4, 6, and 8. We notice however that the magnitude of this coefficient is almost half of the one on T3, suggesting that local firms discriminate against refugees regardless of the information provided to them (the p-values on test of equality of T2 and T3, though, are all above 0.05, the exception concerning the effect of the vignettes on rated suitability of the job seeker).

3.2 Second: firms lack of information or have a wrong one regarding refugees in Uganda

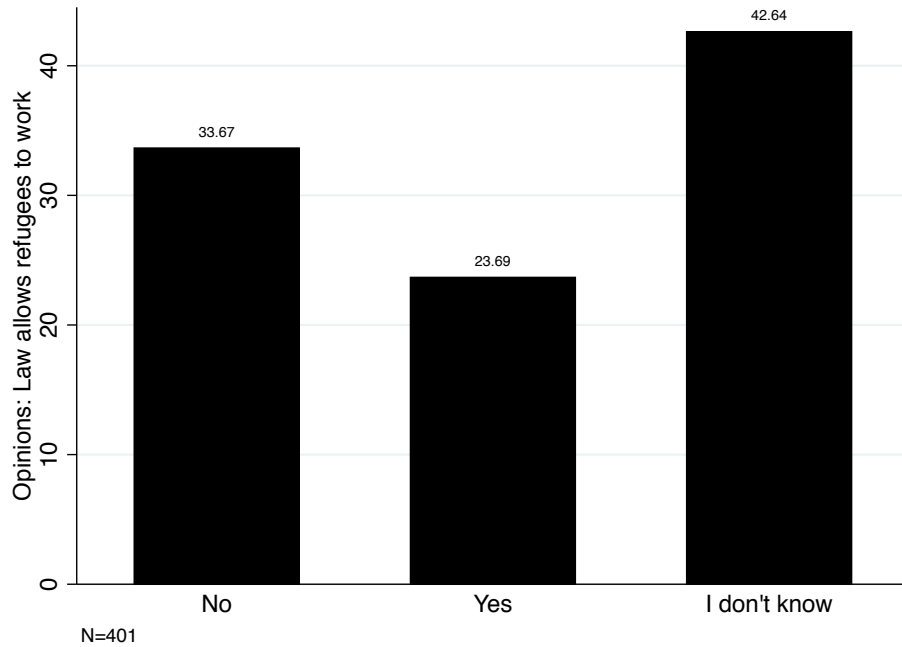
We first investigate if our Ugandan respondents can correctly define what it means to be a refugee. Figure 4 shows that almost 79% can give a correct definition of refugee (someone fleeing home country to another country).

Figure (4) Definition of refugee



The Ugandan policy on refugees has been praised worldwide for its openness and generosity. However, very few firms in our sample know what the law says.

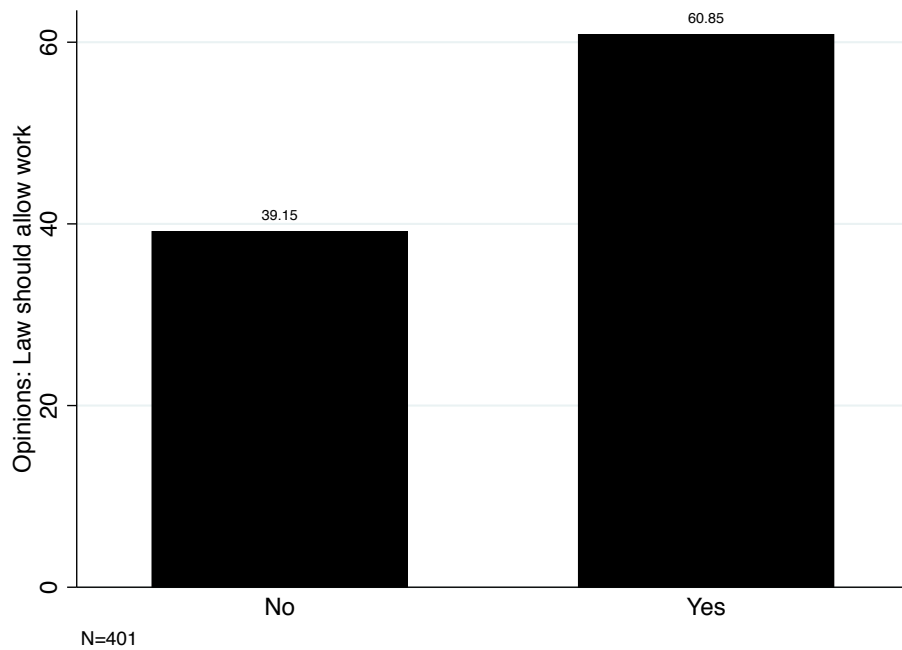
Figure (5) Do you think that law currently allows refugees to work?



When asked about whether the current law allows refugees to move or to work anywhere freely in Uganda, only between 21 and 23% respectively gave the correct answer. About a third of the firms claim that refugees are not allowed to move outside their settlements or that they are not allowed to work. The remaining firms do not know the answer.

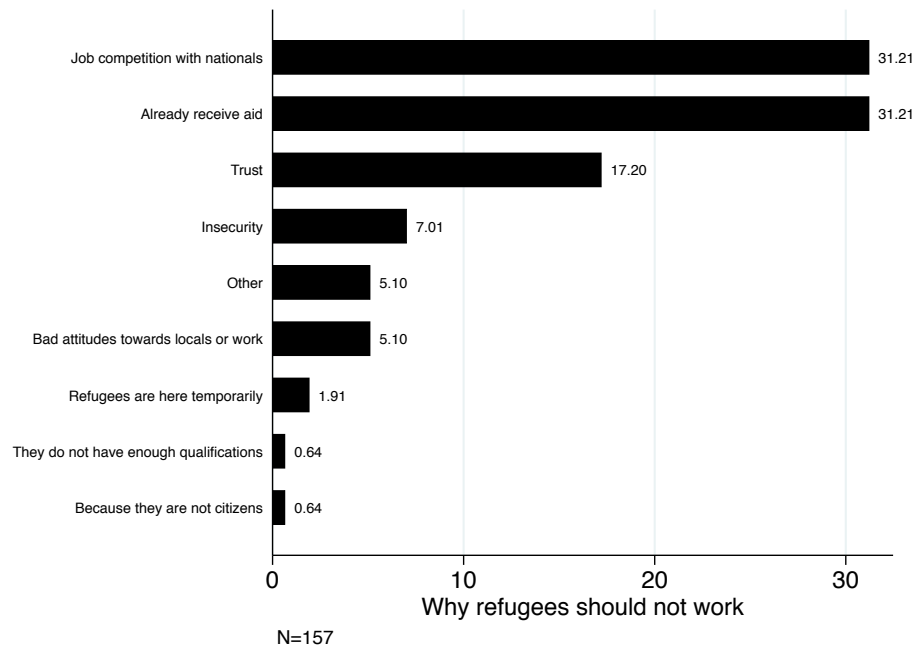
We also asked whether they think that the law *should* allow refugees to move freely or to work in Uganda, with the majority expressing a positive opinion. However, about 40% states that refugees should not be allowed to move neither to work in Uganda.

Figure (6) **Do you think that law should allow refugees to work?**



We then asked to those who gave a negative opinion the reasons why they think the law should not allow refugees to move or work freely in the country.

Figure (7) **Why do you think that law should not allow refugees to work?**

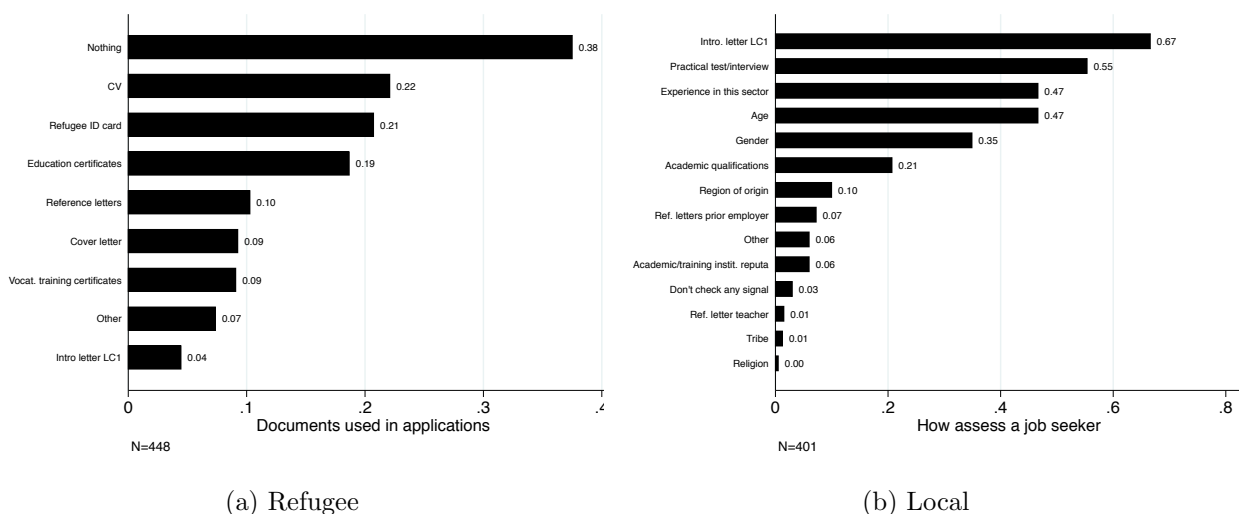


A third of the firms with negative opinions express concerns about job competition with nationals and another third says that refugees do not need to work given that they already receive aid. This suggests that firms are concerned with the lack of jobs in the country and that there are few available opportunities to be shared with migrants. However, many firms also have a wrong idea of what refugees are provided with in Uganda. It is indeed not true that all refugees receive aid in Uganda, but that only those that decide to remain in a settlement do.

3.3 Third: few refugees possess the documents requested by firms

We compare what firms usually ask job seekers to bring along when they apply for jobs and what refugees actually bring along when they look for jobs (conditional on having looked for jobs during the past year).

Figure (8) Application documents

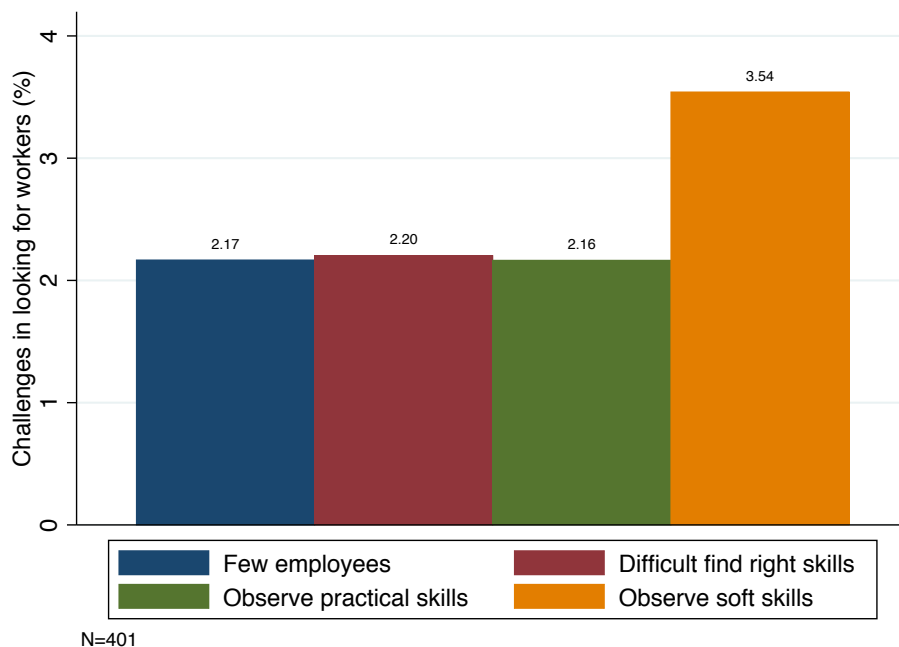


The most frequently requested document by firms is an introductory letter produced by a local authority (the so-called Local Council 1). The letter is a simple reference filled and signed by a local authority, that firms use as a proxy for the job-seeker's trustworthiness (see Appendix for an example). As in Bassi and Nansamba (2019), also our firms say mention that the greatest challenge when assessing workers whom they are not connected to is to assess workers soft skills (i.e. how reliable and trustworthy they are).

Figure 9 reports the average score between 1 and 5 given to four different challenges that firms

have when they look for new workers.

Figure (9) **Challenges in assessing new workers**



On the contrary, refugees do not seem to know what firms ask and only a small percentage says to bring along such a letter when they look for jobs.

3.4 Fourth: refugees in-group favoritism

We measure the level of trust that refugees and Ugandans have towards each other. We use a non-incentivized version of the trust game to explore in-group favoritism in both the sample of refugees and firms. We do so following Falk and Zehnder (2013). In their paper, they propose a modified version of the investment game to investigate how people discriminate towards strangers living in different districts in the city of Zurich. In their experiment, they condition first movers investment on the residence of the second movers. They find that people systematically tend to trust more strangers living in their own district compared to other strangers living in other districts, and this pattern is correlated with the reputation of the district from which the second mover comes from: the higher the income in the second movers district, the higher the level of trust reported by first movers.

We propose a similar game, where we condition first movers investments on the city of origin of

the second mover. Since we are interested only on the first movers reaction, the game is hypothetical and not incentivized. Player 1 and player 2 are both endowed with 3,000 UGX (approximately 0.80 USD). Player 1, who is the first mover, can decide how much of the initial endowment to send to player 2. Any amount sent to player 2 would then get doubled. In a second step of the game, player 2 can decide to send back any amount of money, which will then be part of player 1s final outcome. Players could choose to send money in steps of 500 UGX (0.14 USD). We play the game with both firms and refugees. We ask the same initial question to both types of respondents: *“The other player (player 2) is 27 years old and was born in Jinja. How much of the 3,000 UGX do you decide to send to this person?”*

We then ask an additional question to our hypothetical player 1, this time varying the origin of the second player. Firms were asked: *“This time, the other player (player 2) is 27 and was born in the Democratic Republic of Congo. How much of the 3,000 UGX do you decide to send to this person?”*. Refugees were asked instead to decide about an investment conditional on the city of origin of player 2, varying according to the nationality of the respondent: *“This time, the other player (player 2) is 27 and was born in Kinshasa/Bujumbura/Mogadishu. How much of the 3,000 UGX do you decide to send to this person?”*.

In order to make sure respondents and enumerators understand the game, we provided with a visual diagram summarizing the steps of the game (see Figure X in the Appendix).

The main outcome of interest is the difference between the proposed amount to send to a co-national and the proposed amount to send to a stranger of a different nationality. We find that:

1. On average, firms do not show in-group favoritism: the difference in terms of the amount of money to be sent depending on the nationality of the second player is not significant. Firms in Mbarara seem to be willing to trust more a stranger from the DRC than a stranger from another city in Uganda. Firms in Kampala treat strangers equally in the game.
2. Refugees systematically tend to favor more strangers coming from their own countries than strangers from Uganda. We find that Burundians and Somali tend to be affected by in-group favoritism to a larger extent than Congolese, as evidenced by a larger difference in the amount invested as player 1 when player 2 is a co-national than when player 2 is Ugandan.
3. Finally, when we pool both samples, we find that refugees systematically favor more their

in-groups more than Ugandans.

Figure (10) **Trust game, by nationality**

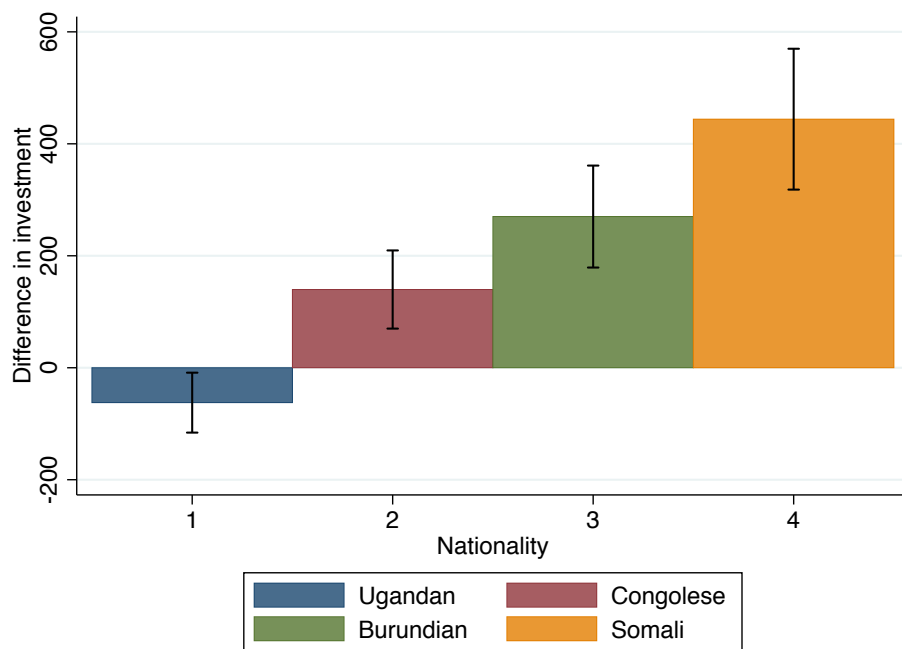
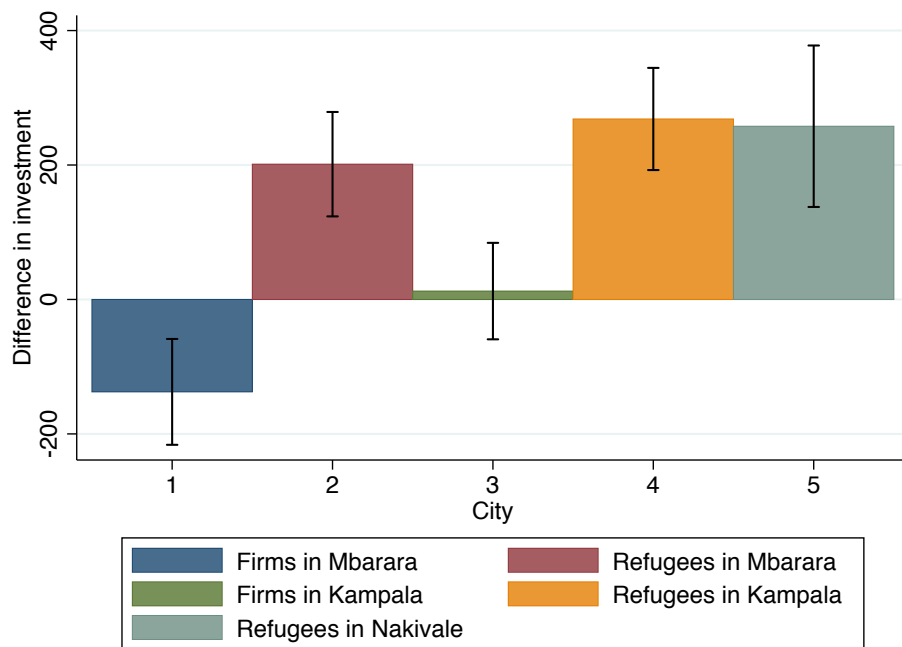


Figure (11) **Trust game, by city**

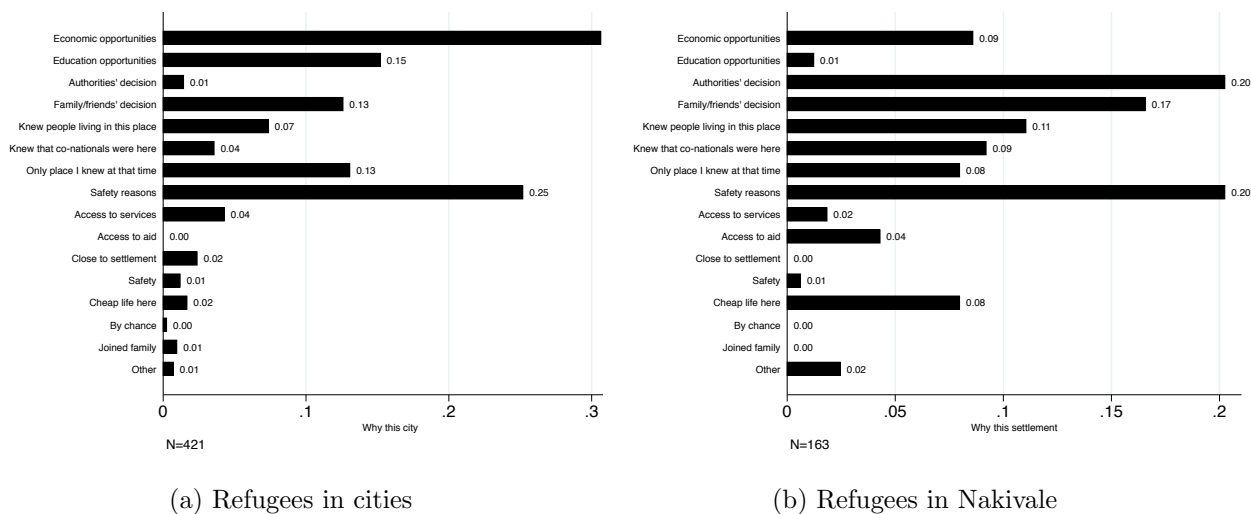


3.5 Fifth: factors that would push refugees outside settlements

While the Ugandan policy allows refugees to live in cities, a smaller percentage of refugees decide to do so. This is in contrast with the overall global trend, with approximately 60% of the refugees around the world deciding to reside in urban areas (Huang and Graham, 2018). We thus investigate what characteristics influence refugees' decision to live in a settlement and what would favor their migration to an urban area.

We first ask all refugees why they decided to settle in the cities or in Nakivale. While refugees in urban areas are mostly attracted by economic opportunities, those living in the rural area of Nakivale chose the settlement following authorities or family decisions, suggesting that these refugees are less mobile and less active on the labor market, and that their networks are located in the settlement as well.

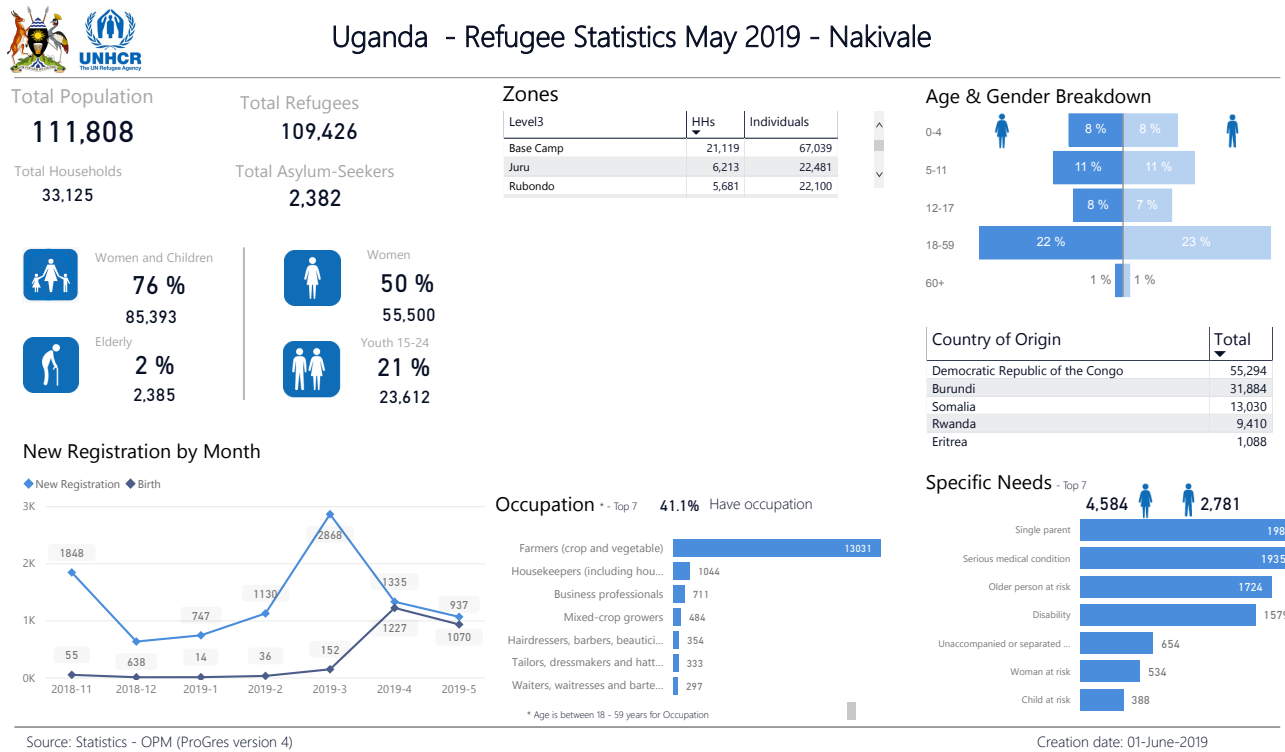
Figure (12) Why chose this city/settlement



In our sample, 163 refugees are registered and live in the settlement of Nakivale. Nakivale is one of the oldest refugee settlements in Uganda. It was open in 1958 in the district of Isingiro, South-Western region of Uganda to host refugees from Rwanda between 1959 and 1960. Currently, it hosts more than 110,000 refugees with the greatest majority coming from the Democratic Republic of Congo, Burundi, Somalia, and Rwanda. While only 41% has an occupation, the greatest majority of these refugees are employed as farmers. This shows that economic opportunities are poor and that migration to cities can represent a useful coping strategy for refugee households living in the

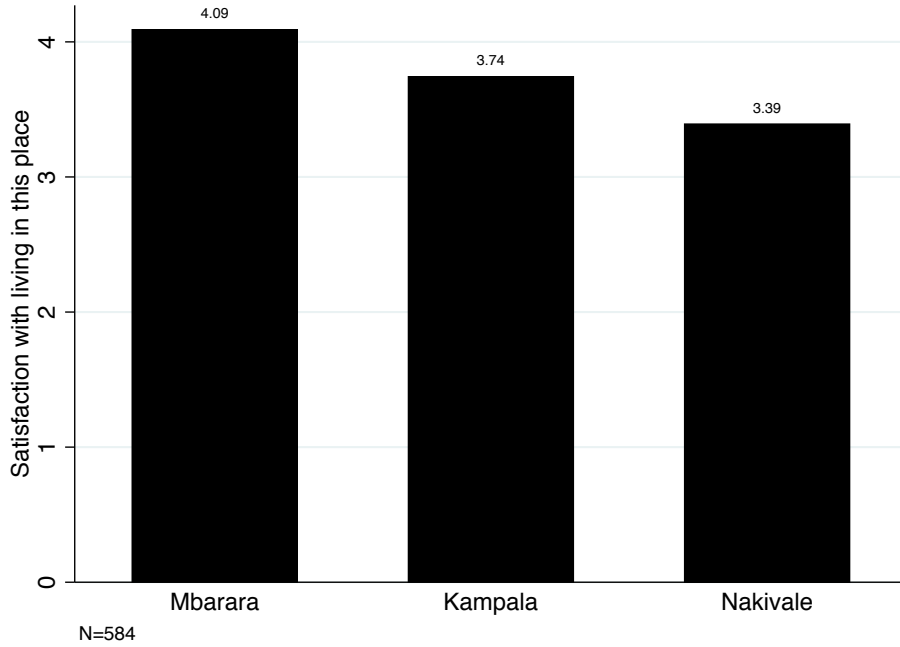
settlement.

Figure (13) Refugees and Asylum-Seekers in Uganda



We then ask to refugees how satisfied they are with the living conditions in the settlement.

Figure (14) **Life satisfaction**



Refugees report low level of satisfaction, with an overall average of 3.7 on a likert scale ranging from 0 to 10. Refugees living in the settlement of Nakivale have the lowest level of satisfaction compared to refugees living in urban areas. We also measure depression in our sample of refugees, using the CESD-D scale. We find that Nakivale refugees score higher levels of depression than urban refugees.

We then employ a discrete choice experiment (DCE) using hypothetical migration choices to explore what factors would stimulate refugees migration to urban areas. Discrete choice experiments are widely used in marketing companies employ them to test customers preferences, by varying their products attributes. They are also employed in health economics (to measure for instance patients preferences towards certain drugs), labor economics (to understand what job features can attract more workers) and migration economics (to study what policies can be designed to favor rural-urban migration). We design a DCE following Lagakos et al (2018). In their experiment in Bangladesh, they employ a DCE to uncover what factors attract migrant temporary workers to move from rural to urban areas. In our context, we use a DCE to understand what factors constraint refugees from moving outside their settlement. Given that it would be impossible to conduct a large experiment varying many factors at once, a DCE allows to measure the effect of each

attribute on choice to migrate. As in Lagakos et al (2018), we do not intend to conclude anything on the refugees propensity to migrate. Rather, we employ this method to assess the importance of different factors. We observe 4,239 choices made by 157 respondents resident in Nakivale⁴. Each of them had to choose among 3 different migration option, with two being potential destinations outside the settlement and one being the opt-out option (i.e. the none of the two option).

The two hypothetical migration scenarios we propose to the respondents vary in terms of 4 attributes. We introduced the DCE as follows:

Enumerator read: Now I will ask you to compare a series of hypothetical (fictitious) migration scenarios. Each question will ask you to choose one among 3 of these scenarios, according to your preferences. The variables you are asked to consider are the following:

- A) *Permanent reduction in relief aid.* The reduction can be of 25% (i.e. you will receive only 75% of a ration of aid) or 50% (i.e. you will receive only half of the ration aid)
- B) *One-time cash conditional to go to a city or town outside this settlement.* The amount can be 20,000 UGX or 35,000 UG or, 50,000 UGX.
- C) *Probability of finding a job at the hypothetical destination.* The probabilities can be 33% (i.e. you can find a job with a probability of 1/3) or 66% (i.e. you can find a job with probability of 2/3) or 100% (i.e. you can find a job with certainty).
- D) *Presence of people you may know at destination.* These people can be: 1. refugees from your country that you KNOW 2. refugees from your country that you DON'T know and 3. No person that you know. You can also choose to select "None of the two" choices, meaning that if neither of the two attracts you, you can decide to choose none of them. Let me repeat that all these scenarios are hypothetical and meant to measure what factors may drive migration decisions taken by people like you.

We estimate a conditional logit model where attributes vary in levels, so to summarize what attributes would stimulate any movement outside the settlement (we did not label neither destination 1 nor destination 2). We model each attribute as dummy variables equal to 1 if taking the value of each level. Instead, we treat the variable cash as continuous.

⁴We miss 6 observations due to problems with the tablets we used during data collection

The following table summarizes our results.

Table (4) Discrete choice	
	(1)
Conditional cash	-0.000*** (0.000)
Aid reduction: 50%	-0.022 (0.087)
Pr. of job: 66%	1.175*** (0.144)
Pr. of job: 100%	3.291*** (0.233)
Network: Co-nationals you don't know	0.164 (0.138)
Network: Co-nationals you know	0.398*** (0.135)
N of choices	4239
N of respondents	157

Each coefficient is compared to the worst attribute level. Perhaps surprisingly, the sign of the coefficient on cash is negative and significant, but very small in magnitude. The direction of effect on migration choice of the other attributes is as expected. What we notice though is that a 50% reduction in relief aid is not statistically different from 0 when compared to a reduction of 25%, and that the type of networks that matter for refugees is not based on nationality but on personal ties: while the coefficient on the presence of not known refugees is not statistically different from zero, the effect of the presence of known refugees is strong and significant. Finally, another factor that would attract refugees in our sample to leave the settlement are jobs: the higher the probability of getting a job outside the settlement, the higher the effect on decision to move.

We explore our rich data to understand more about the characteristics of the refugees that live in the settlements compare to those who decide to live in cities and add more explanations to the findings of the DCE.

	Urban			Rural			Diff
	n	mean	sd	n	mean	sd	
Female	421	0.40	0.49	163	0.30	0.46	0.098**
Age	421	27.25	6.20	163	27.83	6.44	-0.585
Length of stay in years in Uganda	421	5.01	3.36	163	4.81	3.47	0.200
Congolese	421	0.47	0.50	163	0.45	0.50	0.016
Burundian	421	0.32	0.47	163	0.32	0.47	0.002
Somali	421	0.21	0.41	163	0.23	0.42	-0.018
Not educated	421	0.10	0.31	163	0.26	0.44	-0.153***
Primary school	421	0.30	0.46	163	0.42	0.50	-0.119***
Secondary school	421	0.45	0.50	163	0.25	0.44	0.202***
University degree	421	0.14	0.34	163	0.06	0.24	0.074***
Level of English	421	2.73	1.57	163	2.62	1.95	0.107
Cognitive skills	421	5.37	3.40	163	4.44	3.05	0.929***
Rural origin	421	0.39	0.49	163	0.42	0.49	-0.028
Travelled to UG alone	421	0.38	0.49	163	0.34	0.47	0.043
Resided in camps prior to Uganda	421	0.10	0.29	163	0.12	0.32	-0.022
Officially registered as refugee in UG	421	0.97	0.16	163	0.97	0.17	0.005
Would like to move somewhere else, in UG	421	0.60	0.49	163	0.81	0.39	-0.211***
Would like to be re-settled in third country	421	0.99	0.11	163	0.99	0.08	-0.006
Years experience in previous job	193	3.80	4.15	102	4.09	3.58	-0.288
Received skills training in Uganda	421	0.39	0.49	163	0.34	0.48	0.046
Searched jobs, past year	421	0.77	0.42	112	0.66	0.48	0.107**
Searched jobs, past month	421	0.72	0.45	163	0.60	0.49	0.116***
Days spent searching jobs, past month	421	9.64	9.64	163	7.06	9.47	2.580***
Applications made, past month	421	2.62	4.70	163	1.99	5.11	0.631
Expenses in applications, past month	417	30.66	59.09	163	23.37	85.79	7.284
Total nb jobs applied, past month	421	2.61	3.09	163	1.64	1.12	0.966***
Used CV	421	0.29	0.46	163	0.11	0.31	0.184***

Received job offers, past month	302	0.26	0.44	98	0.31	0.46	-0.045
Refused recent job offer	88	0.12	0.33	33	0.18	0.39	-0.057
Planned days searching jobs, next month	421	10.87	10.01	163	9.04	10.24	1.829*
Planned applications, next month	417	3.51	5.01	161	3.01	5.45	0.502
Did work for income, prior to Uganda	421	0.46	0.50	163	0.63	0.49	-0.165***
Was a paid employee prior to UG	421	0.35	0.48	163	0.39	0.49	-0.043
Was self-employed prior to UG	421	0.11	0.31	163	0.19	0.39	-0.083**
Paid employee, past month	421	0.21	0.41	163	0.26	0.44	-0.051
Paid employee, permanent, past month	421	0.08	0.27	163	0.04	0.20	0.035*
Paid employee, casual, past month	421	0.13	0.33	163	0.21	0.41	-0.086**
Business owner, past month	421	0.15	0.35	163	0.13	0.34	0.012
Unemployed, past month	421	0.44	0.50	163	0.35	0.48	0.087*
Out of labor force, past month	421	0.21	0.41	163	0.21	0.41	0.000
In school, past month	421	0.05	0.22	163	0.04	0.19	0.015
HH size	421	4.17	3.28	163	4.31	3.41	-0.147
Lives alone	421	0.13	0.33	163	0.15	0.36	-0.027
Owns house	419	0.03	0.16	111	0.59	0.49	-0.559***
Rate interactions with Ugandans	421	5.07	2.93	163	4.00	3.22	1.069***
Trust in GoU	421	6.11	2.42	163	6.87	2.25	-0.760***
Trust in UNHCR	421	6.82	2.47	163	7.70	2.25	-0.880***
Trust in NGOs	421	5.16	2.73	163	5.68	2.70	-0.524**
Depression score	421	22.10	12.99	163	26.10	11.93	-4.005***
Ever received aid	421	0.48	0.50	163	0.98	0.16	-0.498***
Value of received aid, thousands	201	71.88	163.05	159	49.51	49.27	22.368*
Received plot of land	421	0.12	0.33	163	0.40	0.49	-0.275***
Still has access to plot of land	52	0.38	0.49	65	0.52	0.50	-0.138
Monthly hh expenses per capita, thousands	368	205.89	251.54	138	82.08	119.08	123.804***
HH received remittances, past year	421	0.34	0.48	163	0.21	0.41	0.130***
HH sent remittances, past year	421	0.06	0.24	163	0.05	0.22	0.013

HH got loans, past year	421	0.59	0.49	163	0.59	0.49	0.000
Savings, thousands	421	88.87	227.88	163	28.81	95.21	60.061***
Do you currently have a bank account?	421	0.12	0.33	163	0.04	0.19	0.087***
Has a network that helps	421	0.40	0.49	163	0.29	0.46	0.109**

First of all, refugees living in urban areas are more educated (and score higher in the Raven test for cognitive skills). Refugees living in the settlement are significantly more willing to move somewhere else. In general, refugees living in settlement score significantly higher in the depression test (using the CESD-D scale) and are less active on the job market compared to the urban refugees. Finally, urban refugees (at least those living in Kampala) are also more likely to have a personal network that supports them (and show lower level of trust towards government, international institutions and NGOs).

In other words, our data shows that the Ugandan policy does help refugees that cannot sustain themselves in a city, but this comes at the expenses of reported quality of life and mental well-being. Combining our surveys with the discrete choice experiment shows that if only refugees had more connections outside their settlements or they knew that at destination they had a high chance of finding a job, they would be willing to move to other cities in Uganda.

3.6 Sixth: what determines job search intensity among refugees

Lastly, we explore what factors best predict job search intensity among the refugees in our sample. We measure job search intensity as the total number of days spent looking for jobs during the past month. We also investigate what determines mobility in job search: within the city or settlement where they live or outside it.

Table (6) Refugees' job search intensity

	(1) Job search intensity	(2) Searched within	(3) Searched outside
Kampala	1.208 (0.998) [0.226]	0.065 (0.044) [0.145]	-0.172 (0.045) [0.000]
Female	-3.136 (0.883) [0.000]	-0.148 (0.042) [0.000]	-0.034 (0.032) [0.278]
Age	-0.100 (0.071) [0.160]		
Not educated	-0.867 (1.283) [0.499]	-0.064 (0.061) [0.289]	
Primary school	-1.787 (0.919) [0.052]		-0.018 (0.033) [0.585]
University degree	0.689 (1.408) [0.625]		
Level of English	0.130 (0.232) [0.576]		
Level of Luganda	0.269 (0.201) [0.182]	0.021 (0.010) [0.037]	
Cognitive skills	-0.464 (0.130) [0.000]	-0.014 (0.007) [0.041]	-0.012 (0.005) [0.010]
Came directly from place of origin to Uganda	-1.402 (0.867) [0.106]		0.055 (0.033) [0.096]
Resided in camps prior to Uganda	-2.931 (1.164) [0.012]		-0.068 (0.047) [0.147]
Length of stay in years in Uganda	-0.256 (0.117) [0.030]	-0.018 (0.006) [0.005]	
Travelled to UG alone	-0.199 (0.910) [0.827]		
Attracted by Ugandan policy on refugees	0.594 (0.934) [0.525]		
Moved here for safety reasons	1.218 (1.142) [0.286]	0.019 (0.053) [0.716]	

Moved here for economic opportunities	2.124 (1.012) [0.036]	0.086 (0.044) [0.051]	
Moved here to join family	-4.478 (1.726) [0.010]		
Family decided to move to this place	-1.785 (1.104) [0.107]		0.004 (0.046) [0.922]
Has relatives in country of origin	-1.514 (1.219) [0.215]		0.070 (0.043) [0.102]
Life satisfaction in this city/settl	0.017 (0.164) [0.919]	-0.006 (0.008) [0.409]	-0.004 (0.006) [0.465]
Planning to go back to country of origin	-2.724 (1.521) [0.074]		0.002 (0.057) [0.966]
Received skills training in Uganda	-1.401 (0.850) [0.100]		0.050 (0.036) [0.167]
Did work for income, past month	-0.601 (0.881) [0.495]		0.046 (0.036) [0.200]
Did work for income, prior to Uganda	-0.371 (0.915) [0.685]	-0.033 (0.040) [0.418]	0.059 (0.033) [0.069]
Aware of freedom of movement	-0.544 (1.215) [0.655]		-0.042 (0.059) [0.478]
Diff. in investment made	0.001 (0.001) [0.167]		
Diff. in expected investment received	-0.000 (0.001) [0.537]		
Days interacting ECONOMICALLY w/ UG	-0.263 (0.191) [0.169]		
Days interacting SOCIALLY w/ UG	0.102 (0.230) [0.658]	0.001 (0.010) [0.902]	
Rate interactions with Ugandans	0.484 (0.189) [0.011]	0.032 (0.009) [0.000]	
Trust in UNHCR	0.143 (0.203) [0.481]		

Trust in NGOs	-0.299 (0.179) [0.096]		-0.005 (0.006) [0.334]
Distance between cultures	0.036 (0.189) [0.850]		0.024 (0.009) [0.011]
Agreeableness	0.030 (0.717) [0.966]	0.040 (0.033) [0.221]	
Conscientiousness	0.851 (0.622) [0.171]		0.003 (0.023) [0.901]
Negative emotionality	0.581 (0.499) [0.245]		-0.034 (0.021) [0.094]
Open-mindedness	0.833 (0.616) [0.177]	0.028 (0.032) [0.374]	
Generalized trust	0.149 (0.207) [0.473]		
Can be easily identified as refugee	-1.623 (0.900) [0.072]	-0.046 (0.041) [0.268]	-0.006 (0.040) [0.877]
Humiliating receive money not working	-0.095 (0.277) [0.730]		0.021 (0.010) [0.037]
People who dont work become lazy.	-1.077 (0.321) [0.001]		
Has access to aid land	-3.018 (1.321) [0.023]	-0.167 (0.075) [0.027]	-0.192 (0.053) [0.000]
Had anyone in hh w/ health prob.	-0.043 (0.907) [0.962]		-0.080 (0.036) [0.027]
HH received remittances, past year	0.134 (0.918) [0.884]		-0.056 (0.036) [0.118]
HH sent remittances, past year	-2.061 (1.788) [0.250]	-0.146 (0.078) [0.062]	0.046 (0.076) [0.547]
HH got loans, past year	0.215 (0.871) [0.805]		
Savings, thousands	-0.003 (0.001) [0.027]		

Fear, within this place	0.741 (0.156) [0.000]	0.024 (0.007) [0.000]	
Fear, outside this place	-0.286 (0.165) [0.083]		-0.015 (0.006) [0.021]
Has a network that helps	1.316 (0.877) [0.134]		
Rural origin		0.118 (0.039) [0.003]	
Travelled to UG with known people		0.003 (0.044) [0.948]	-0.053 (0.037) [0.155]
HH size		-0.009 (0.006) [0.152]	
Trust in GoU		-0.016 (0.009) [0.090]	
Extraversion		-0.015 (0.029) [0.604]	
Bought any land in UG		-0.036 (0.087) [0.677]	0.183 (0.094) [0.054]
Would like to move somewhere else, in UG			0.071 (0.034) [0.040]
Perceived discrimination			0.027 (0.028) [0.345]
Ever received aid			-0.102 (0.043) [0.019]
Observations	584	532	532
P-values in square brackets			

We choose the best predictors running a cross-validation lasso model, starting with 68 potential predictors. The algorithm suggests 50 predictors for the main outcome of interest (job search intensity) and adds/removes other predictors for the other two dependent variables.

Table 6 reports the post-lasso OLS estimates of our model. While all regressors are important determinants and their sign are suggestive, some of them are also significantly different from zero.

Importantly, we cannot give a casual interpretation to our coefficients, but we explore the how correlated these factors are with our dependent variables.

First of all, refugee women are less likely to look for jobs ($p\text{-val} < 0.001$). We notice that refugees with lower cognitive skills are those that are spending more days looking for jobs ($p\text{-val} < 0.001$) (presumably because those that score higher are also those who already have some sort of employment - indeed the coefficient on whether the refugee did some work for income during the past month is negative, though not significant). Refugees that resided in camps prior to fleeing to Uganda ($p\text{-val} = 0.012$) and those that arrived more recently ($p\text{-val} = 0.03$) are less likely to look for jobs.

We notice also that refugees that state they chose the place where they live (city or settlement) for economic opportunities are also more active in looking for jobs. On the contrary, those that instead moved there to join family members are also less likely to spend time looking for jobs.

Those that are planning to go back to their country of origin seem less interested in looking for jobs in Uganda ($p\text{-val} = 0.074$).

Refugees looking more intensively for jobs are also more likely to report a better interaction with locals ($p\text{-val} = 0.011$), but seem to trust less NGOs that deal with refugees issues ($p\text{-val} = 0.096$).

Importantly, those refugees that feel that people can easily identify them by the way they look or speak as refugees are also exerting less efforts in looking for jobs ($p\text{-val} = 0.072$).

Finally, we notice that refugees that have access to aid land spend less time looking for jobs (0.023).

Columns 2 and 3 explore more in detail whether refugees looked for jobs within or outside their place of residence (i.e. either Kampala, Mbarara or Nakivale).

What we think is interesting is that refugees in Kampala are less likely to look for jobs outside the city (most likely because of the perceived higher number of economic opportunities in the capital).

Refugees with a self-reported better knowledge of Uganda are more likely to look for jobs within their place of residence, those with higher cognitive skills instead tend to look for jobs outside their city or settlement.

Refugees that perceive their culture as being more distant from the Ugandan one and those

that think that it is humiliating to receive money without working are also more likely to look for jobs outside their place of residence.

Finally, we also notice that those refugees who received aid (hence those who have lived in at least one settlement in Uganda) are also less likely to move outside to look for jobs.

4 Conclusions and next steps

In spite of being one of the most open refugee host countries in the world, refugees in Uganda struggle to find jobs and long-term economic opportunities that can help them to become self-reliant. The greatest majority of refugees live in rural settlements far from urban areas. Refugees in urban areas tend to be more diffident towards Ugandans. At the same time, Ugandan firms discriminate against refugee job seekers and lack of information about the legal status of the refugees in the country.

Using these results, we are going to run two field experiments, testing two different interventions. In the first experiment, we use an information intervention to change firms beliefs and attitudes towards refugees and their willingness to hire a refugee job-seeker. The second experiment, more ambitious, tests a wage subsidy intervention as an affirmative action tackling discrimination against refugees among firms in Uganda.

5 References


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6 Appendix

Figure (15) Example of LC1 letter


THE REPUBLIC OF UGANDA
THE OFFICE OF THE CHAIRMAN
LC1 VILLAGE "D" KAMWOKYA 1 PARISH
KAMPALA CENTRAL DIVISION

Our Ref:..... Date:.....
Your Ref:

.....
.....

RE: RECOMMENDATION LETTER

This is to introduce to you Mr./Mrs./Hajji/Hajjat/Miss

.....

Who is a resident of the above mentioned village since

According to us, he/she is a law abiding, social, cooperative and respected person.

Therefore the purpose of this letter is to recommend him/her for

.....

In view above any assistance rendered to him/her will be most appreciated.

In view above any assistance rendered to him/her will be most appreciated.

Thank you

Yours faithfully,

.....
[Signature Line]
CHAIRMAN L.C. I
[Signature Line]

Figure (16) Explaining trust game

Game Explanation	
Player 1	Player 2
Starts: 3,000UGX	Starts: 3,000UGX
<u>1st Step</u>	
Choose what to send between: 0, 500, 1000, 1500 2000, 2500, 3000	Receives double (x 2)
<i>Example:</i>	
<i>Send 1,000UGX</i>	<i>Receives 2,000</i>
<u>2nd Step</u>	
Receives	Choose what to send BACK between: 0, 500, 1000, 1500 2000, 2500, 3000, 3500 4000, 4500, 5000, 6500, 7000, 7500 8000, 8500, 9000
<i>Example:</i>	
<i>Receives 500UGX</i>	<i>Sends back 500 UGX</i>
<u>FINAL OUTCOMES EXAMPLE</u>	
PLAYER 1	
$3,000 - 1,000 \text{ (sent to Player 2)} + 500 \text{ (received from Player 2)} = 2,500\text{UGX}$	
PLAYER 2	
$3,000 + 2,000 \text{ (because Player 1 sent } 1,000 \times 2) - 500 = 4,500\text{UGX}$	