



# Thrive or Survive? Explaining Variation in Economic Outcomes for Refugees

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## Executive Summary

In the context of protracted refugee situations, there has been a revival in concern among policymakers to transcend the so-called humanitarian-development divide and create greater opportunities for self-reliance. Yet, these discussions too often neglect an analytical focus on refugees' own economic lives, and their own interactions with markets. Despite a growing literature on the economic lives of refugees, much of that work has lacked theory or data. The work that has been quantitative has generally focused on the economic impact of refugees on host countries rather than explaining variation in economic outcomes for refugees.

In order to explain variation in economic outcomes for refugees, this paper asks three questions about the economic lives of refugees: 1) what makes the economic lives of refugees distinctive from other populations; 2) what explains variation in refugees' income levels; and 3) what role does entrepreneurship play in shaping refugees' economic outcomes? In order to answer these questions, the paper draws upon extensive qualitative and quantitative research conducted in Uganda by the Humanitarian Innovation Project at Oxford University. The quantitative data set is based on a survey of 2,213 refugees in three types of contexts: urban (Kampala), protracted camps (Nakivale and Kyangwali settlements), and emergency camps (Rwamwanja). It supplements this with qualitative research from other parts of Africa and the Middle East.

The economic lives of refugees are argued to be distinctive not because refugees are any different *qua* human beings but because they often occupy a distinctive institutional space. Following new institutional economics, the paper argues that "refugee economies" represent a distinctive analytical space insofar as refugees face different formal and informal institutional

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barriers and distortions in their economic lives compared to nationals or other migrants.

Even within the same country, refugees exhibit significant variation in their economic outcomes, most notably in their income levels. A number of variables are significant in explaining this variation. These include: regulatory context, education, occupation, social networks, gender, and the number of years spent in exile.

Entrepreneurship is an important explanation for “outliers” within the refugee community, explaining why some refugees have significantly higher incomes. However, refugees also often play a wider role within the community, creating opportunities for others. Furthermore, a significant part of refugee entrepreneurship is social rather than simply for-profit.

In order to enhance opportunities for greater refugee self-reliance, policymakers need to develop a better understanding of the transnational, national, and local markets within which refugees participate. Instead of engaging in top-down interventions, enabling environments should be created that enable autonomous, community-led initiatives to flourish.

## Introduction

In her TED talk, United Nations High Commissioner for Refugees (UNHCR) head of communications, Melissa Fleming (2014) suggests “we should help refugees to thrive rather than merely survive.” Around the world today, most refugees are struggling to survive. However, there is nevertheless considerable variation in outcomes which, if understood, might open up opportunities for more to move away from mere survival and towards opportunities to thrive.

Today, around 54 percent of refugees — including Palestinians — are estimated to be in “protracted refugee situations” (UNHCR 2016). These are situations in which refugees have been in exile for at least five years, often in an intractable state of limbo, and sometimes remaining as refugees for decades (Loescher and Milner 2005; Loescher et al 2008). Especially problematic is the denial of the right to work and freedom of movement to refugees, sometimes leaving entire generations of people indefinitely confined to refugee camps. Yet even for the increasing numbers who move onwards to urban areas, they may also face significant limitations on their basic economic freedoms and remain in limbo for many years.

Against this backdrop, there has been a revival in attempts to bridge the so-called humanitarian-development divide in international public policy, seeking to find ways to engage development actors in responses to forced displacement. The aim is that if refugees can be reframed as a development issue, host states might be willing to offer greater opportunities for refugee self-reliance, and move beyond traditional models of encampment.

Such ideas are not new. Ever since the movement of Assyrians and others leaving the collapsed Ottoman Empire to Greece in the 1920s, development-based approaches have

been used to attempt to economically integrate refugees in host states in ways that can promote autonomy and be mutually beneficial to refugees and hosts (Easton-Calabria 2015). In the International Conferences on Assistance to Refugees in Africa (ICARA) I and II of 1981 and 1984, the International Conference on Central American Refugees (CIREFCA) of 1989, and UNHCR's Convention Plus initiative (2003-2005), for instance, the international community has attempted to bridge this relief-to-development gap through a range of institutional initiatives on an almost cyclical basis over the last few decades (Gorman 1987; Stein 1987).

The common features of such initiatives have been the attempt by international agencies to encourage a commitment to "additional" development assistance by donor states in order to persuade host governments to consider self-reliance and local integration for refugees. These initiatives have had a mixed record, with CIREFCA being the standout success.

What these initiatives have had in common is that they have generally been top-down rather than bottom-up in approach. They have lacked a focus on understanding and building upon the market-based activities and initiative of refugees themselves. But in order to open up the opportunity for interventions that build up the skills, capacities, and agency of refugees themselves, we first need a greater understanding of the economic lives of refugees.

Pioneering research has already taken place on the economic lives of refugees, drawing attention to and describing key aspects of the economy of refugee camps and urban areas (Jacobsen 2005; Werker 2007; Ruiz and Vargas-Silva 2013). The existing work on the economics of refugees and forced migrants broadly divides into two areas, which can be categorized crudely as "livelihoods" and "impacts."

The "refugee livelihoods" literature seeks to understand the different income-generating activities developed by refugees and to examine the success or failure of external livelihoods projects and programs (Korf 2004; De Vriese 2006; Horst 2006; Jacobsen 2006; Women's Refugee Commission 2011). The main weakness of this stream of research has been that it has tended to look at livelihoods and livelihoods interventions in abstraction from a broader and more holistic analysis of the economic lives of refugees. The "impacts of refugees" literature, led primarily by the World Bank, seeks to understand the impact of refugees on host states and societies (Enghoff et al. 2010; Zetter et al. 2012; World Bank 2016). Its main weakness is that it is primarily concerned with hosts, rather than refugees themselves.

But what is missing is a holistic, theoretically informed and data-driven account of the economic lives of refugees themselves. This is a pity because if we can understand variation in economic outcomes for refugees, then we can build upon what already exists in order to enhance local, national, and transnational market-based opportunities for refugees.

This paper draws upon mixed methods research undertaken in order to explore variation in economic outcomes for refugees. In that research we mainly focus on one particular country: Uganda. This case study is not intended to be representative. On the contrary, Uganda has adopted a relatively progressive refugee policy called the Self-Reliance Strategy (Hovil and Dryden-Peterson 2004; Sharpe and Namusobya 2012). Unlike many other refugee hosting countries around the world, it has given its 420,000 refugees the

right to work and a significant degree of freedom of movement.<sup>1</sup> While not representative, it can therefore provide important insights and lessons into what might be possible when refugees are given basic economic freedoms.

This paper draws upon and summarizes some of those findings to answer three broad research questions: 1) what makes the economic lives of refugees distinctive from other populations; 2) what explains variation in refugees' income levels; and 3) what role does entrepreneurship play in shaping refugees' economic outcomes?

### What Makes Refugees' Economic Lives Distinctive?

In our work, we put forward the concept of “refugee economies,” which we define as the resource allocation systems relating to the lives of refugees. However, this very idea poses the question of whether we can expect refugees' economic lives to be distinctive from other populations such as host country nationals or non-refugee migrants.

The existing literature has mainly dealt with this question by describing the economic lives of refugees and then remaining agnostic on whether their economic lives are distinctive (Jacobsen 2005; 2006). Meanwhile, Werker (2006) addresses this question by inductively identifying some of the features of refugee camp economies that appear to lead to different types of economic distortions. He identifies three: *policy distortions* (e.g., how restrictions on refugees' mobility hinder them from participating in markets outside the camp); *isolation distortions* (e.g. how the remoteness of refugee camps from commercial centers makes transporting goods or people between the two places costly); and *distortions related to refugee status and identity* (e.g., how insecurity and discrimination by host societies gravely circumscribe refugees' access to external markets).

These offer an important starting point but they remain undertheorized and untested in terms of whether and how far they lead to specific or generalizable differences in the economic lives of refugees. In order to build upon Werker's insights, we might draw upon an area of economics called “new institutional economics.”

Neo-classical economics recognizes that in practice, all markets are subject to market imperfections and distortions. The nature of these distortions is shaped by regulatory environments and by institutions. Indeed, we know from new institutional economics that institutions shape how markets work (North 1990; Williamson 2000). They create particular sets of opportunities and constraints for the actors engaged in those markets. The regulatory environment, as well as the broader structure of formal and informal institutions, shapes how a particular economy works, and what opportunities and constraints are available to individuals and groups.

Consequently, the institutions that shape and make corrections for these distortions shape how markets work in practice. As North's (1995) work recognizes, the historical centrality of regulation and property rights demonstrates that neoliberalism fails unless it is based on sound underlying institutions. New institutional economics defines institutions as the rules

<sup>1</sup> As of June 2015 the United Nations High Commissioner for Refugees (UNHCR) recorded 428,397 refugees in Uganda (UNHCR 2015).

of the game of a society, or human-devised constraints that structure human interactions and behavior (North 1995, 23). They are composed of formal rules (laws and regulations), informal constraints (conventions and codes of conduct), and enforcement mechanisms (Williamson 1975; 2000). Institutional economists assume that a mixture of legal, political, social, cultural, and economic institutions have crucial impacts on economic decisions and performance (Joskow 2008, 5).

The central conceptual pillar of refugee economies is the recognition that markets are structured by their institutional context (Byrne 2015). Markets do not function simply in a vacuum. They are inevitably characterized by some degree of market failure. The degree and type of market distortion is a function of the institutional context.

In order to begin to theorize “refugee economies,” we posit that there are three key characteristics of refugeehood that collectively suggest “refugee economies” can be thought of as having specific institutional aspects. These differences might include: 1) the intersection of state and international regulation; 2) the intersection of the formal and informal economy; and 3) the intersection of national and transnational economies. These sources of market distortion create both opportunities and constraints. While sources of market imperfection may include entry and exit controls, scarcity, abundance, illegality, and informal institutions that shape risk and uncertainty, they create opportunities for arbitrage, entrepreneurship, and innovation by both refugees and non-refugees (Betts et al. 2016).

To explore empirically, the hypotheses that a new institutional economics approach generates requires exploring variation in the impact of the institutional context on economic outcomes for refugees. This could be done in a number of ways: 1) cross-country comparison; 2) comparison of refugees and local host populations; and 3) within-country variation where there are different regulatory regimes in place in different locations. None of these approaches has so far been undertaken.

In Uganda, though, we were able to adopt the third of these approaches to tentatively explore what role institutional context has on refugees’ economic lives, holding other variables constant. This is because in Uganda, the urban (Kampala), protracted camp (Nakivale and Kyangwali), and emergency camp (Rwamwanja) contexts have slightly different regulatory structures governing economic life. These vary on a spectrum: the urban context offers the greatest level of freedom, followed by the protracted context, followed by the emergency context.

## **When Do Refugees Thrive versus Merely Survive?**

We used a mixed-methods approach in our data collection. We sequenced qualitative research and quantitative research based on large-scale and representative data collection. This approach enabled us to build a deep understanding of context, and to develop the trust and networks required to acquire research access, before embarking on survey design.

In the three settlements (Nakivale, Kyangwali, and Rwamwanja), we were able to base our sampling on UNHCR’s existing sample frame. In Kampala, in the absence of a sample frame, we used an experimental approach to urban refugee profiling — respondent-driven

sampling (RDS). With a sample size of 2,213 refugee households, the survey represents one of the largest quantitative studies of the economic lives of refugees yet undertaken. A key part of our research methodology involved training 17 refugees as peer researchers and 22 refugees as survey enumerators, in ways that enabled us to access the communities but also adopt a participatory methodology (Betts et al. 2016).

One of the methodologically useful aspects of locating our research in Uganda has been that it has enabled comparative research across a number of contexts: urban (Kampala), protracted camp (Nakivale and Kyangwali), and emergency camp (Rwamwanja). Our theoretical contention is that there is not one, but several different and overlapping refugee economies, shaped by the different institutional context. This is borne out by our empirical research across the sites. Each of these different spaces places refugees in slightly different institutional contexts. Put simply, the urban context is the nearest to being the same institutional context as that enjoyed by citizens; the emergency camp situation is the furthest from what is usual for citizens. The protracted camp situation is somewhere in between these extremes.

In Kampala, the primary authority relevant to refugees' economic lives is the state. International organizations are peripheral to the economic lives of most refugees, insofar as they ensure minimal legal guarantees of *non-refoulement*, and offer supplementary support to the most vulnerable through an implementing partner, InterAid. The geographical scope of economic life in the capital is also mainly transnational. Refugees are able to use large markets such as Owino, Nakasero, Kikubo, and Kisenyi to engage easily with transnational trade networks. There are also relatively low barriers to engaging in formal economic activity. The Refugee Act is generally interpreted as giving refugees the right to work, even though the Kampala Capital City Association (KCCA) occasionally harasses refugees to pay license fees for a work permit.

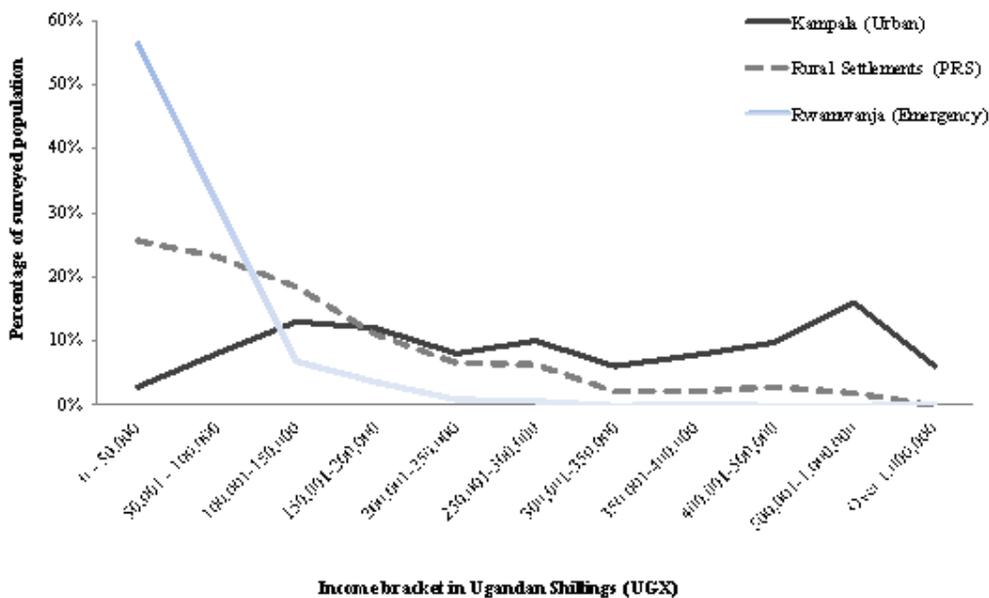
In Nakivale and Kyangwali, the situation is more mixed. Authority is divided between the state and the international community. Settlements are formally administered by the Office of the Prime Minister (OPM) and led by the Ugandan Settlement Commander. However, in practice this is carried out in close collaboration with UNHCR, which provides assistance through a number of implementing partners. The geographical scope of economic activity is limited for most refugees in these camps. The majority engages in farming activities and sell crops to middlemen. However, for a significant minority, their economic lives are embedded in much wider trade networks that transcend communities, settlements, and often also national borders. Finally, although there are some barriers to formal sector economic activity in Uganda — including some restrictions on the right to leave the settlements — the Refugee Act is generally interpreted to imply that refugees can work without a permit.

In Rwamwanja, international organizations more significantly play the role of a surrogate state, with UNHCR and the World Food Programme (WFP) providing food assistance and playing a more proactive role in the management of the settlement. While some of the Congolese refugees have brought items with them from home, the Rwamwanja economy is one of the most geographically isolated, with trade and exchange mainly confined to the surrounding areas. Meanwhile, there are significant barriers to economic activity that have been put in place by the government. Tighter restrictions have been imposed on refugee movements in this camp, and the district government has imposed an entry

tax on Ugandans who wish to engage in exchange within the settlement. In that sense, Rwamwanja is perhaps the least economically integrated of the three sites, and faces the greatest number of constraints.

One of the key findings of our survey is that, far from being economically homogenous, there is significant variation in economic outcomes for refugees, both within and across the research sites.

**Table 1. Average Income Distribution by Research Site**



Collecting data across all three contexts has enabled us to explore the effects of this institutional variation on economic outcomes. What is very clear from our data is that there is a spectrum of income and dependency levels. The question that follows from this is: what explains this variation?

**Regulation**

Refugees have the highest income and lowest dependency levels in the city, followed by the protracted camp context, followed by the emergency camp context. This statistical association persists even when controlling for variation in nationality, education, and length of exile (see Appendix 1). Congolese refugees, for instance, have higher levels of mean income and are less likely to be dependent on aid in Kampala compared to Kyangwali or Nakivale and have lower mean incomes and higher levels of dependency in Rwamwanja than any of the other study sites. The average monthly income of Congolese refugees in Kampala is \$120. The average income in Nakivale and Kyangwali is \$39, and the average income in Rwamwanja is \$17.

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In terms of dependency on aid agencies, most refugees in Kampala do not receive any forms of assistance from the aid agencies, and therefore only 9.4 percent of total respondents consider their households “very dependent” on support from UNHCR and other aid agencies. Put differently, the self-settled refugees in Kampala are “doing it for themselves.” In contrast, in refugee settlements where refugees usually have better access to assistance, the percentage of households that feels dependent on institutional aid goes up considerably. In Nakivale and Kyangwali, averaged across different nationalities of refugees, 58.9 percent of respondents feel that they are “very dependent” on assistance from aid organizations. In Rwamwanja, the percentage of “very dependent” respondents goes up to 78 percent of total respondents.

The findings presented here, with results from quantitative analyses of the survey data in Appendixes 1 and 2, provide empirical evidence for the idea that institutional context influences economic outcomes for refugees. Furthermore, beyond the rather banal observation that being in a city correlates with better economic outcomes, our qualitative research tells us about why this relationship might be observed. It suggests that the greater refugees’ opportunities are for integration into the mainstream economy (or the lower the degree of institutional separation), the more positive the economic outcomes are likely to be.

In addition to institutional context, the specific characteristics and capacities of individuals and communities also matter for explaining variation in economic outcomes for refugees. Indeed, our data show that there is also considerable variation in economic outcomes between different nationality groups and between individuals with different characteristics.

### *Nationality*

Survey data reveal significant variation in income levels across nationality groups, independent of institutional context (see Appendix 1, Table 1). On average, there is a clear rank ordering of Somalis as having the highest incomes, followed by Rwandans, followed by the Congolese. Controlling for the effects of context, the average Somali refugee earns 69 percent to 97 percent and the average Rwandan refugee 37 percent more than the average Congolese refugee of the same gender, age, level of education, and length of time in Uganda (Table 1, Appendix 1). In Kampala, 29 percent of Somalis, 25 percent of Rwandans, and 15 percent of Congolese primary earners earn more than 300,000 Ugandan shillings per month. In Nakivale, 21.6 percent of Somalis, 4 percent of Rwandans, and 0.9 percent of Congolese primary earners earn more than 300,000 Ugandan shillings per month. In Rwamwanja, just 0.4 percent of primary earners in Congolese households earn more than that amount.

To some extent, these differences may be explained largely through nationality or ethnicity. Indeed, it seems plausible that to some extent there is a “being Somali” variable that explains part of this variation. Our qualitative research reveals high levels of trust within clan-based networks, as indicated by the presence of informal insurance mechanisms known as *ayuto*, the existence of Islamic alms-giving such as *sadaqah* and *zakat*, and the trust-based *hawala* system for remittance transfer. Across all the sites, Somali economic life is also governed by clearly identifiable informal rule-based structures such as the Somali

Community Association — which serves as the official representative body of Somali society in Uganda. Culturally, Somalis are more likely to engage in remittance transfer.

Rwandans often do well in Uganda, likely because many have close cultural ties to Ugandans. Many Rwandans are Anglophone and therefore able to better integrate into the national education system and employment markets than other groups, such as the Congolese. Given the long history of Rwandan refugees in Uganda, going back to the late 1950s, there are also relatively well-established diasporic networks within the country. However, the Rwandan community also faces a number of nationality-specific constraints on economic outcomes. These include internal community divisions, sometimes along Hutu-Tutsi lines, and the additional levels of surveillance and risk faced by Rwandans perceived to be aligned with Rwandan opposition political parties.

Congolese have less clearly defined community-based structures for regulating and supporting their economic activity. In Kampala, despite some geographically contiguous residential pockets such as Tsambia, there are greater levels of dispersal across the city. Unlike the Somalis, there is no strong overarching authority for the Congolese community in Uganda. Consequently, there is an absence of organized structures of mutual support, and Congolese in the city tend to engage in small-scale business activities such as buying, selling, and hawking. In the settlements, they have a strong culture of agricultural activity, and hence predominantly focus on farming. This is reflected in the fact they tend to do better where higher levels of fertile farming land are available; in Kyangwali 8.4 percent of Congolese earn more than 300,000 Ugandan shillings per month compared to 0.9 percent in Nakivale.

However, for the most part, differences in outcomes both between and within nationality groups appear to be attributable to quantifiable variables: notably, education, networks, and entrepreneurship.

### *Education*

Education shapes economic outcomes for refugees. Our dataset shows interesting variation in the returns to education, controlling for nationality and geographical location (see Appendix 1). Acquiring an additional year of education is associated with a 3 percent higher average income. The type of education matters. An additional year of primary education is associated with 1 percent higher earnings, secondary school 10 percent, and tertiary education 27 percent. Finishing primary school is associated with a 30 percent higher income.

However, these returns vary considerably by nationality (see Tables 2A, 2B, and 2C in Appendix 1). Each year of education is associated with only a 0.1 percent return for Congolese but a 2.2 percent return for Somali and 2.4 percent return for Rwandans (see Tables 2A, 2B, and 2C in Appendix 1). These differences are found even when controlling for institutional context. Differences between nationalities in returns to education may be due to differences in the livelihood opportunities to which they are exposed through the personal networks and community structures discussed previously.

The less cohesive structure of Congolese communities in Kampala means educated Congolese refugees are likely to have fewer personal connections and may therefore be less likely to locate professional positions that utilize their skills. Educated Rwandan and Somali refugees with similar levels of education, however, may be able to more successfully draw on diasporic and ethnic networks and thereby maximize the economic returns to education by finding professional positions.

Education levels also appear to have a significant influence on refugees' choice of where to live. Each year of education is associated with a 22 percent higher chance of living in Kampala than in the settlement (see Appendix 2). Once again, there are differences across nationalities. For each year of education, a Congolese household has a 34 percent ( $p < 0.001$ ) higher chance of living in Kampala than in the settlement and a Rwandan household has a 42 percent ( $p < 0.001$ ) higher chance. This reflects that rural-urban refugee selection seems to be correlated with a household's ability to be economically autonomous. In particular, the choice to live in Kampala is determined by a combination of level of education and the number of dependent children. Each child reduces the probability by 21 to 36 percent (see Appendix 2). In contrast, survey data reveal no statistically significant association between location and education amongst Somali households.

### *Experience, Age, and Gender*

In multivariate regression analyses exploring variables predictive of refugee income, a number of other variables were found to be significant in addition to education (see Appendix 1). These include experience, employment status, and gender. When all of these variables are controlled for, age is not associated with higher income. Experience in Uganda is, however, found to matter. Each year spent in Uganda is associated with an average increase in income of between 4 and 8 percent. Primary earners who are not farmers and are self-employed earn 4 to 24 percent more, on average, than employed refugees and self-employed farmers. Female primary livelihood earners with equivalent levels of education, the same nationality, in Uganda for the same length of time, and in the same location gain an average of up to 15 percent less income than male primary livelihood earners.

### *Networks*

Far from being “enclave economies,” refugees' economic lives are embedded in complex networks, that shape their consumption, production, exchange, and access to capital. Yet, different households and communities have economic networks that exist to different degrees and scales. Such networks may be local, national, or even transnational. The extent of refugees' networks appears to play an important role in determining economic outcomes. These socioeconomic connections exist at different levels.

Locally, refugees have important economic interactions across communities. Even in the Nakivale and Kyangwali settlements, refugees are not simply reliant upon economic interactions with refugees of their own nationality. Thirty-three percent of refugee businesses have refugees of other nationalities as their largest group of customers; 26 percent of refugee businesses have Ugandans as their largest customers. Similarly, when it

comes to purchasing daily goods, refugee households buy from a range of sources. In the long-term settlements, 69 percent of households buy goods and services from Ugandans, 93 percent from refugees of their own nationality, and 88 percent from refugees of another nationality. In Kampala, 96 percent buy from Ugandans, 78 percent from refugees of their own nationality, and 48 percent from refugees of another nationality.

Nationally, refugees' economic lives are connected to other parts of the country. This is especially the case in the long-term settlements. Nakivale is connected to the Mbarara economy and Kyangwali to the Hoima economy, both of which have important exchange links to Kampala. However, it is actually only a minority of refugees who leave the settlements in person. Out of 621 self-employed people in the settlements, less than 10 percent regularly venture outside the settlements for income-generating activities. Instead, trade in and out of the settlements depends mainly on a small group of "middlemen," both refugees and Ugandans, who make money from arbitrage activities of buying and selling in settlements at markup.

Transnationally, different groups of refugees have different degrees of transnational network connections. Remittances serve as a good proxy measure for transnational connections. Somalis receive a disproportionately higher level of remittances. Fifty-one percent of Somalis in Kampala received remittances, at an average level of \$114 per month per household. This compares to just 18 percent of both Congolese and Rwandans in Kampala receiving any remittances. Twenty-seven percent of Somalis in Nakivale receive remittances at an average rate of \$54 per month per household, while remittance receipt by other nationalities in the settlements is negligible.

Another proxy for socioeconomic networks is mobile phone use, which also varies by nationality. While mobile phone use is almost universal among urban refugees, in Nakivale, for instance, 83 percent of Somalis use mobile phones in their primary income-generating activities, compared to 32 percent of Congolese and 25 percent of Rwandans. A further variant on the role of networks is connections to host state nationals. In Kampala, many Somali refugees, for example, find employment with Somali-Ugandan enterprises such as City Oil, which employs nearly 60 Somali refugees across the greater Kampala area. The example of tuna fish found in Somali shops in Nakivale, imported from Thailand via Saudi Arabia via Mombassa, stands out as illustrative of their transnational economic ties. Yet, even though Somalis clearly have the strongest transnational networks, other nationalities still have economic lives that are embedded within the global economy. This is perhaps best illustrated by the Congolese *bitenge* trade, which involves importing fabric from as far afield as India and China to Kampala and then onto the settlements.

### *Entrepreneurship*

As we highlighted in the conceptual framework for this book, "innovators" — outliers who develop businesses that help themselves and their communities — play an important role in refugee economies. While successful and large-scale entrepreneurship is only available to a minority, innovation represents an important and neglected driver of economic change within refugee communities. One important indication of its importance is that our research reveals that in Kampala, 21 percent of refugee business owners employ others,

and among their employees, 41 percent are Ugandan nationals. In other words, refugee entrepreneurship can create jobs for host country nationals.

However, in addition to this impact on host communities, the capacity of refugees to engage in entrepreneurial activity appears to matter for economic outcomes for refugees. This does not take place in the way one would necessarily expect, as not all entrepreneurship is of equal quality. In Kampala, there is an inverse correlation between the average income levels of a national refugee community and its levels of self-employment. Ninety-four point eight percent of Congolese are self-employed, 78.2 percent of Rwandans, and just 25.9 percent of Somalis.

However, what seems to matter is the scale and quality of the entrepreneurship. Somali entrepreneurs are more likely to scale a business to the point at which they can employ others, partly explaining why 74.1 percent of Somalis are able to find employment in the businesses of others. Our qualitative research highlights the diversity and creativity of many of these highly innovative businesses. In contrast, most Congolese businesses do not employ others but are based on petty trading of agricultural produce, fabrics, or jewelry within competitive markets with very low margins.

In the settlements, the pattern is a little different. Congolese and Rwandan refugees are most likely to engage in agricultural activity, farming their own plots or working as farm workers on the plots of other refugees. In Kyangwali, 65.8 percent of Congolese are engaged in agricultural work; in Nakivale this figure is 63.9 percent. For Rwandans in Nakivale, it is also 65.2 percent. Where Congolese and Rwandans do engage in entrepreneurship, it is mainly through small shops, hawking, or bars and restaurants, and scale is only rarely achieved. Only exceptionally, do larger-scale businesses such as Claude's Rwandan milling business or the Congolese cinema in Nakivale's "little Congo" emerge.

In contrast, Somalis almost entirely shun agricultural work and instead engage in a huge range of entrepreneurial activities. This diversity is best illustrated by the thriving array of businesses within Nakivale's Base Camp 3. Our qualitative research reveals how some of these unique businesses attain significant scale. The greater likelihood of Somali businesses to attain scale is exemplified by the greater standard deviation in incomes for Somalis compared to other nationality groups. In Kampala, for example, 6.3 percent of Somalis earn over 1,000,000 Ugandan shillings per month, compared to 3.7 percent for the next highest income group, the Rwandans. In Nakivale, we found 24 Somalis with incomes over 400,000 Ugandan shillings per month compared to just one person of any other nationality.

This begs the question of what explains variation in entrepreneurship. Our qualitative interviews suggest that one of the greatest barriers to scaling businesses is lack of access to finance and capital, given restrictions on refugees' access to formal banking facilities. This was most significantly identified by self-employed Congolese in Kampala. For Somalis, though, high levels of remittance sending in addition to collective community-based savings and investment mechanisms provide a means to partly overcome limited formal access to credit and capital. Other reported barriers included the price of government business permits, xenophobia and discrimination, and language barriers.

## How Do Refugee Entrepreneurs Help Their Communities?

Refugee entrepreneurship is a crucial explanation for variation in economic outcomes for refugees. Not all refugees are entrepreneurs. As has been recognized since the work of Joseph Schumpeter (1934), innovation has implications for an economy. It is the means through which individual agency dynamically drives economic change and growth within an economy. Following this logic, we argue that innovation similarly lies at the heart of refugee economies. In this section, we explore this relationship. First, we conceptualize the relationship between refugee economies and innovation. Second, we examine the conditions that enable particular forms of innovation, and we examine their wider economic impact. Third, we explore the kinds of enabling environments that are likely to support refugee innovation.

As Joseph Schumpeter (1934) recognized at an even earlier stage, individual “innovators” are central to any economy:

... every individual can accomplish by adapting himself to changes in his economic environment, without materially deviating from familiar lines. Therefore, too, the carrying out of new combinations is a special function, and the privilege of a type of people who are much less numerous than all those who have the “objective” possibility of doing it. Therefore, finally, entrepreneurs are a special type.

(Schumpeter 1934, 81)

Schumpeter describes an individual who is able to navigate markets and spot opportunities to exploit them as an “entrepreneur.” When an entrepreneur succeeds in exploiting opportunities, she will undercut others in the market. Schumpeter termed this “creative destruction,” since old ideas and businesses fall with the onset of others. These new profits and improvements in the market enable an economy to grow. As a consequence, innovation has come to be a trait directly associated with individuals and entrepreneurs (Drucker 1985; Bessant and Tidd 2015). The term “intrapreneur” has also emerged in the literature to identify entrepreneurial individuals who drive forward new ideas within large organizations (Antonicic and Hisrich 2003; Kolchin and Hyclak 1987).

For Schumpeter, the entrepreneur plays an essential role in preventing an economy’s stagnation by challenging the status quo. Development is therefore “defined by the carrying out of new combinations” (Schumpeter 1934, 66), and it follows that “[t]he carrying out of new combinations [is what] we call ‘enterprise’; the individuals whose function it is to carry them out we call ‘entrepreneurs’” (Schumpeter 1934, 74).

Schumpeter’s ideas have an application in the role of innovation within refugee economies. As we laid out previously, being a refugee is to occupy a distinctive institutional position. It creates particular forms of market distortions. These distortions, including the creation of artificial scarcity and abundance, lead to both constraints and opportunities. Innovation represents the process through which refugees adapt in these environments, maximizing opportunities and mitigating constraints. In this sense, innovation can be understood to represent the ways in which refugees are able apply their agency — their skills, talents and aspirations — in order to transform their structural situation into new sets of opportunities, which create value for themselves and for others.

Within refugee economies, innovation represents an analogous concept to Giddens' (1984) notion of "structuration": individuals' opportunities are shaped by their structural environment; however, people also have the agency to act upon and change their structural environment. For us, "innovation" is a process through which refugees can exert the agency to dynamically transform the economies in which they participate.

Although there has been a growing debate about the role of "humanitarian innovation," it has generally focused on ways in which innovation can be used to improve the response of humanitarian organizations. Although important, this work has tended to neglect the role of innovation by crisis affected communities themselves. Put simply, the "top-down" focus of humanitarian innovation has often neglected "bottom-up" innovation by displaced populations themselves.

Although there are a variety of ways to conceptualize innovation,<sup>2</sup> we have found it useful to think of innovation as a four-stage process. This process involves 1) specifying a problem; 2) identifying a possible solution; 3) piloting and adapting the solution; 4) scaling the solution if and where appropriate. In practice this is not a linear process and necessarily involves iterative feedback across the stages. Some of the factors that enable this process include ecosystems that provide access to infrastructure, services, networks, and financing.

### *Business Entrepreneurship*

In Uganda we identified a significant minority of refugee entrepreneurs who had established successful businesses, often employing others. Successful entrepreneurs are in most cases "outliers" among their communities, but their impact can stretch beyond their own households by also contributing to an improved quality of life for those around them, at times providing a stepping stone for others to embark upon new ventures. The following examples provide a glimpse into the lives of these innovators.

In a mud and daub home, much like the others on its street, we met Abdi, the owner of Nakivale settlement's first computer games shop. Even without an obvious shop face, people know about this place from word of mouth and by the reputation Abdi has built from running the business. Abdi established his shop through personal savings, which he used to purchase his second-hand televisions and games consoles from Kampala. Abdi's drive to be self-reliant was evident as he told us about his business.

Instead of waiting for donors I wanted to make a living . . . I talked to friends in Kampala who run similar businesses and so I decided to start one here . . . There's one other guy here who also charges money for games, who learned from me. But I'm the pioneer. This guy sometimes comes for advice, and I occasionally give him spares.

One of the biggest challenges for the business is maintaining the games consoles and equipment in a remote rural setting where spare parts and replacements are not readily available or affordable. Abdi and his brother gained mechanical and electronics-related skills from former jobs in Somalia and do their best to help each other maintain the

2 For example see Tidd and Bessant (2009).

equipment for as long as possible. Abdi also collects scrap electronics parts from around the settlement in order to make repairs, doing whatever is possible to extend the life of the electronics.

Although Abdi's business stands as a positive example, and in some senses has been able to successfully scale up — attracting increasing numbers of customers and seeing its business model replicated by another person in the settlement — it also suffers from a lack of access to capital to improve its assets or reach markets beyond Nakivale.

The market demand for the shop is high, and it is often filled with children and adults of several nationalities. However, the business regularly faces other challenges. Abdi explained that the generator he owns to power the shop often breaks down or becomes overrun. Additionally, security was a concern to Abdi, since he only had a tarpaulin roof to cover his games equipment. Even if he was able to save for a more secure roof, Abdi was uncertain whether he would be allowed one as a result of restrictions placed on the construction of permanent structures within the settlement.

### *Social Entrepreneurship*

Some forms of entrepreneurship are social in character. To take one example from Kampala, Young African Refugees for Integral Development (YARID) is a refugee-led community based organization creating an independent institutional space for fellow refugees to learn skills and foster their own innovative ideas.

YARID started in 2007 using the limited resources available to them, including a public football playing field in the area of Nsambya, where many young Congolese resided. YARID convened a weekly football match, which unexpectedly started to attract over 100 people each week. Many of the participants stayed to chat after the game, forming a community that often spoke together about their problems, including unemployment. The YARID founders discovered that a key challenge to accessing employment in Kampala for many refugees was a lack of English speaking skills, which led them to organize informal English lessons each morning in a local church building.

YARID's choice of activities was determined by the community. Robert Hakiza, YARID's Director, explained, "Without the community we couldn't have done this. We come together, we think together, we decide what to do."<sup>3</sup> Being embedded within the community gives YARID the ability not only to understand what people are asking and need, but leads local Congolese and other refugee communities to trust YARID's work. Rather than providing free handouts like many charities, YARID instead focuses on creating a "safe space" where refugees can gather and develop skills that are useful for the Kampala economy. YARID now runs a women's tailoring workshop, business planning classes, computer training, and social media classes, among others. One refugee in Kampala, James, explained how he has made use of the English and computing classes provided by YARID to launch his photography business:

<sup>3</sup> Robert Hakiza, YARID Director, presentation on "facilitating bottom-up innovation" held at the Humanitarian Innovation Conference 2015, University of Oxford.

English classes helped [me] to talk with customers and computer classes helped too. There are no other photo shops here. I tried at the start and didn't know it would be successful.<sup>4</sup>

Although financing has been a challenge for YARID, Hakiza is adamant that “financial resources are not the only thing. Some people say we can't do things because of money. But when you have an idea there are many ways you can find to start something.”<sup>5</sup> YARID's use of the local football pitch in its early days, and the generous donations of time by many volunteers provide ample support for this claim.

Of course, access to finance remains necessary for material activities. In many instances, the *ad hoc* expenditure necessary to keep the organization running often comes from the pockets of the YARID founders and volunteers. Hakiza explains that volunteers often buy or bring the chalk needed for the daily English classes, which also helps to create a sense of ownership among volunteers and participants. YARID is trying to enter the “scale-up” stage of its innovation process, but has faced challenges in finding larger sources of financing for rent and equipment. It has also struggled with negative attitudes from large organizations in the city, which are unwilling to support YARID.<sup>6</sup> Recently Hakiza has engaged in several international conferences and, at the time of this writing, had begun to win internationally competitive funds for innovation towards growing YARID's work.

### *Facilitating Enterprise and Innovation*

These examples illustrate that refugees can be highly innovative in ways that create entrepreneurial opportunities for themselves and others. Our qualitative research highlights that refugees nevertheless face serious constraints and that more needs to be done to support refugee-led initiatives. This includes providing an auspicious regulatory environment for refugees, better business development opportunities, access to capital and banking facilities, improved local infrastructure, and access to electricity and internet connectivity. It may also involve the international community shifting its focus from being the dominant planner of refugee communities to taking on a facilitation role.

Refugee “innovators” play an important role within refugee economies. They may be thought of as the individuals and groups that transform structural constraints into opportunities that in turn benefit the wider economy. This echoes Schumpeter's longstanding recognition of the role that innovation plays within an economy.

There is immense untapped potential to facilitate refugee innovation in ways that can contribute to empowering both individuals and communities. International organizations, nongovernmental organizations, and implementing partners are faced with the challenge of ensuring that such facilitation is participatory and works in a representative way with pre-existing community structures. Too often “humanitarian innovation” has been approached in top-down ways that risk marginalizing the creativity, entrepreneurship, and resilience of refugees and displaced populations themselves.

4 Interview with James, Congolese refugee in Kampala, personal communication, June 27, 2013.

5 Ibid.

6 Ibid.

## Conclusion

There is a long history of attempting to bridge the relief-to-development gap in order to promote refugee self-reliance. However, many of these past attempts have been limited by their state-centric approach. Today, there are new opportunities to adopt more market-based approaches. Recognizing and understanding the economic lives of refugees themselves — and the ways in which they interact with markets as consumers, producers, buyers, sellers, borrowers, lenders, employers, employees, and entrepreneurs — offers the chance to build on what exists. Supporting refugees' capacities rather than just their vulnerabilities offers an opportunity to rethink assistance in ways that are more sustainable for refugees, host states, and donors.

Such an approach requires recognition that the relevant relationship for refugee protection and assistance is no longer understood as being between “states and refugees” but between “states, markets, and refugees.” Durable solutions are not just about integration in the state system, but must involve integration in the global economy. While states must play a crucial role in ensuring the minimum conditions of protection, creating opportunities for refugee integration in markets will ultimately allow them to achieve autonomy and self-reliance. A number of specific implications for policy and practice follow from our analysis.

First, support market-based interventions. Too often, attempts to support refugees' own income-generating activities are conceived in abstraction from a clear understanding of context, including of market conditions. A market-based approach would attempt to “build on what already exists.” This is in contrast to many existing livelihood programs that are too often developed without an understanding of the market context. This would represent a significant departure for existing approaches, requiring sound analytical tools for understanding the existing markets within which refugees are often already making a living. Crucially, such interventions can begin as early as the emergency phase.

Second, rethink the role of the private sector. Within refugee policy debates, the private sector is too often assumed to be synonymous with multinational corporations or large foundations motivated by corporate social responsibility. In reality, the role of the private sector is more nuanced. The private sector has a range of modes of engagement and motives for involvement with refugees, including philanthropy, corporate social responsibility, and core business interests. Refugees and displaced populations can themselves be conceived as part of that private sector.

Third, create an enabling environment. Refugees and displaced populations are not just passive victims. They have skills, talents, and aspirations. While many are in need of assistance, they have capacities as well as vulnerabilities. Rather than assuming a need for indefinite care and maintenance, interventions should nurture such capacities through improved opportunities for education, skills development, access to microcredit and financial markets, business incubation, better transportation links and infrastructure, and internet access and connectivity.

Fourth, invest in research and data. Governments and international organizations have traditionally invested too little in applied research. Yet, we know surprisingly little about the economic lives of displaced populations. There is a need to develop an ongoing and systematic research agenda on the relationship between forced displacement and development. In particular, comparative case studies are needed a) in different regulatory

environments (restrictive versus open), b) at different phases of a displacement crisis (e.g., emergency, protracted, and return), and c) for different categories of displacement (e.g., refugees, internally displaced persons, and people displaced in the context of natural disaster).

Fifth, analyze the political context and create more favorable state policies. Markets function in the context of state policies. Restrictive refugee policies limit the capacity of refugees to engage with markets in ways that can lead to sustainable opportunities. When refugees are given the right to work and freedom of movement, they can contribute to the national economy. Importantly, however, government policy choices are the result of national politics. In order to enhance market-based opportunities for displaced populations, it is important to better understand and engage the political context and incentive structures within which national refugee policies are crafted.

### **Appendix I. Regressions on Income**

The following analyses regress key variables on the income of refugee households' primary livelihood earners. The first set of regressions is conducted on the entire survey sample from all four sites (one emergency settlement, two protracted settlements, and Kampala).

#### ***Regression on Income across Locations and Nationalities***

Table 1 presents results of results of six regression models of alternative education measures on income (in USD), using data from all surveyed households across three settlements and in Kampala ( $n = 2128$ ). All variables pertain to households' primary livelihood earners. These models control for geographical location, contrasting households in emergency or long-term (protracted) settlements with those in urban environments. Rwandan, Somali, and South Sudanese households are compared to Congolese households. All survey data from Rwamwanja, Nakivale, Kyangwali, and Kampala are included. Sampling weights are used to adjust for survey design effects and respondent-driven sampling II (RDS-II) weights are used to accommodate data collected using respondent-driven sampling in Kampala.

#### ***Regression on Income by Nationality***

The section for Table 2 present results from the five models in Appendix I, Regressions on Income.

Table 2 runs separately on Congolese, Somali, and Rwandan households. Data collected from Rwamwanja, Kyangwali and South Sudanese households are excluded. This is because South Sudanese households were only sampled from Kyangwali; and because Nakivale and Kampala are the only sites from which the three remaining nationalities were all sampled. Using data from the same two settlements in each regression model allows for comparison across models run on data from different nationalities. The models below regress alternative education measures on income (log income in USD). Sampling weights are used to adjust for survey design effects and RDS-II weights are used to accommodate data collected using respondent-driven sampling in Kampala.

**Table 1. Regression on Income across Locations and Nationalities**

	1	2	3	4	5	6
<b>Variables in the model</b>	<b>b (SE)</b>					
Constant	2.798 (0.009)**	3.319 (0.008)**	3.299 (0.008)**	2.206 (0.009)**	3.28 (0.008)**	2.16 (0.009)**
Emergency settlement	-0.836 (0.008)**	-0.794 (0.007)**	-0.734 (0.007)**	-0.611 (0.008)**	-0.685 (0.007)**	-0.517 (0.008)**
Protracted settlement	-0.619 (0.009)**	-0.471 (0.007)**	-0.416 (0.007)**	-0.493 (0.009)**	-0.45 (0.008)**	-0.403 (0.009)**
Somali	0.69 (0.009)**	0.716 (0.008)**	0.746 (0.008)**	0.969 (0.01)**	0.712 (0.009)**	1.054 (0.01)**
Rwandan	0.371 (0.008)**	0.477 (0.007)**	0.494 (0.007)**	0.515 (0.009)**	0.509 (0.008)**	0.562 (0.009)**
South Sudanese	-0.692 (0.049)**	-0.464 (0.04)**	-0.48 (0.04)**	-0.769 (0.054)**	-0.511 (0.042)**	-0.763 (0.054)**
<b>Some primary education</b>	0.07 (0.003)**					
<b>Some secondary education</b>	0.304 (0.003)**					
<b>Some tertiary education</b>	-1.512 (0.005)**					
Years in education		0.031 (0.000)**				
Years in education (squared)			0.003 (0.000)**			
Years in primary education				0.011 (0.000)**		
Years in secondary education					0.096 (0.001)	
Years at university						0.27 (0.003)**
Receive remittances	-0.745 (0.008)**	-0.012 (0.008)	-0.023 (0.008)*	-1.091 (0.009)**	-0.002 (0.008)	-1.074 (0.008)**
Self employed	0.171 (0.002)**	0.044 (0.002)**	0.048 (0.002)**	0.242 (0.003)**	0.037 (0.002)**	0.242 (0.003)**
Age	0.013 (0.000)**	0.001 (0.000)**	0.001 (0.000)**	0.022 (0.000)**	0.001 (0.000)**	0.022 (0.000)**
Years in Uganda	0.061 (0.001)**	0.036 (0.001)**	0.037 (0.001)**	0.077 (0.001)**	0.044 (0.001)**	0.077 (0.001)**
Female	-0.063 (0.003)**	-0.124 (0.002)**	-0.131 (0.002)**	-0.001 (0.003)*	-0.15 (0.002)*	-0.008 (0.003)*
<i>R-squared</i>	0.467	0.418	0.425	0.349	0.414	0.362

\* $p < 0.05$ , \*\* $p < 0.001$

**Table 2A. Congolese Households in Nakivale (protracted settlement) and Kampala (urban)**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Variables in the model</b>	<b>b (SE)</b>				
Constant	2.075 (0.034)**	3.46 (0.029)**	3.457 (0.027)**	1.434 (0.031)**	3.3 (0.029)**
Protracted settlement	-0.98 (0.018)**	-0.938 (0.015)**	-0.936 (0.015)**	-0.776 (0.017)**	-0.961 (0.016)**
<b>Any primary education</b>	0.056 (0.023)*				
<b>Any secondary education</b>	0.084 (0.019)**				
<b>Any tertiary education</b>	-0.89 (0.025)**				
<b>Years in education</b>		0.001 (0.001)			
<b>Years in education (squared)</b>			0.000 (0.000)		
<b>Years in primary education</b>				0.029 (0.003)**	
<b>Years in secondary education</b>					0.006 (0.004)**
Receive remittances	-0.574 (0.025)**	0.169 (0.027)**	-0.168 (0.028)**	-0.859 (0.025)**	0.18 (0.028)
Self employed	0.262 (0.015)**	-0.019 (0.012)	-0.019 (0.012)	0.234 (0.015)**	-0.085 (0.013)**
Age	0.036 (0.001)**	0.006 (0.001)**	0.006 (0.001)**	0.042 (0.001)**	0.01 (0.001)**
Years in Uganda	0.102 (0.003)**	0.08 (0.003)**	0.08 (0.003)**	0.13 (0.003)**	0.085 (0.003)*
Female	-0.161 (0.016)**	-0.377 (0.013)**	-0.377 (0.013)**	0.021 (0.016)*	-0.381 (0.014)**
<i>R-squared</i>	0.535	0.575	0.33	0.502	0.367

\* $p < 0.05$ , \*\* $p < 0.001$

**Table 2B. Somali Households in Nakivale (protracted settlement) and Kampala (urban)**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Variables in the model</b>	<b>b (SE)</b>	<b>b (SE)</b>	<b>b (SE)</b>	<b>b (SE)</b>	<b>b (SE)</b>
Constant	3.257 (0.031)**	4.112 (0.022)**	4.156 (0.02)**	1.69 (0.039)**	4.093 (0.022)*
Protracted settlement	-0.192 (0.024)**	-0.266 (0.017)**	-0.266 (0.017)**	-0.275 (0.034)**	-0.189 (0.019)*
<b>Any primary education</b>	0.45 (0.022)**				
<b>Any secondary education</b>	0.021 (0.021)				
<b>Any tertiary education</b>	-2.899 (0.028)**				
<b>Years in education</b>		0.022 (0.001)**			
<b>Years in education (squared)</b>			0.002 (0)**		
<b>Years in primary education</b>				0.088 (0.004)**	
<b>Years in secondary education</b>					0.053 (0.004)**
Receive remittances	-0.368 (0.016)**	-0.019 (0.012)	-0.014 (0.012)	-0.924 (0.022)**	0.007 (0.013)
Self employed	0.093 (0.02)**	0.139 (0.014)**	0.14 (0.014)**	-0.064 (0.029)*	0.062 (0.016)**
Age	0.027 (0.001)**	0.004 (0)**	0.004 (0)**	0.064 (0.001)**	0.005 (0.001)**
Years in Uganda	0.021 (0.002)**	0.004 (0.002)*	0.002 (0.002)	0.044 (0.003)**	0.006 (0.002)*
Female	-0.294 (0.02)**	-0.305 (0.014)**	-0.308 (0.014)**	-0.093 (0.027)*	-0.3 (0.016)**
<i>R-squared</i>	0.784	0.40	0.168	0.561	0.156

\* $p < 0.05$ , \*\* $p < 0.001$

**Table 2C. Rwandan Households in Nakivale (protracted settlement) and Kampala (urban)**

<b>Variables in the Model</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>b (SE)</b>	<b>b (SE)</b>	<b>b (SE)</b>	<b>b (SE)</b>	<b>b (SE)</b>
Constant	2.298 (0.055)**	3.645 (0.036)**	3.795 (0.033)**	1.495 (0.046)**	3.599 (0.035)**
Protracted settlement	-0.515 (0.042)**	-0.477 (0.036)**	-0.547 (0.035)**	-0.42 (0.044)**	-0.567 (0.04)**
Any primary education	-0.044 (0.049)				
Any secondary education	0.371 (0.019)**				
Any tertiary education	-1.122 (0.024)**				
Years in education		0.024 (0.002)**			
Years in education (squared)			0.001 (0)**		
Years in primary education				0.063 (0.006)**	
Years in secondary education					0.077 (0.004)**
Receive remittances	-0.556 (0.023)**	-0.019 (0.023)	-0.01 (0.023)	-0.742 (0.024)**	0.049 (0.024)*
Self employed	0.701 (0.019)**	0.267 (0.016)**	0.274 (0.017)**	0.679 (0.019)**	0.222 (0.017)**
Age	0.028 (0.001)**	0.003 (0.001)**	0.002 (0.001)**	0.04 (0.001)**	0.003 (0.001)**
Years in Uganda	0.023 (0.002)**	0.004 (0.002)	0.004 (0.002)*	0.021 (0.002)**	0.03 (0.002)**
Female	0.096 (0.016)**	0.045 (0.014)*	0.039 (0.014)*	0.296 (0.016)**	-0.07 (0.014)**
<i>R-squared</i>	0.516	0.23	0.048	0.456	0.078

\* $p < 0.05$ , \*\* $p < 0.001$

## Appendix II. Regressions on Urban-Rural Selection

The table below shows regression analyses of the association between years of education and location for each nationality and for all nationalities together, controlling for the gender of the primary livelihood earner and the number of children in the household. The results show that years of education are statistically significant and positively associated with living in Kampala rather than in a settlement across the sample as a whole and for Congolese and Rwandan refugees in particular. The results also suggest that the more children there are in a household, the less likely it is that the household is in Kampala and the more likely it is to be in a settlement. This association is statistically significant across nationality groups. Finally, the results suggest that households with female primary livelihood earners are slightly more likely to be in Kampala than in a settlement. The association with gender is statistically significant and largest for Congolese followed by Rwandan households and not statistically significant for Somali households.

	<b>Congolese</b>	<b>Somali</b>	<b>Rwandan</b>	<b>All</b>
<b>Variables in the Equation</b>	<b>b (SE)</b>	<b>b (SE)</b>	<b>b (SE)</b>	<b>b(SE)</b>
Constant	-.3.15 (0.42)**	0.18 (0.3)	-.2.85 (0.4)**	-.1.68 (0.18)**
Years of education	0.34 (0.03)**	0.01 (0.02)	0.42 (0.04)**	0.22 (0.02)**
Female primary earner	1.34 (0.29)**	0.16 (0.26)	1.04 (0.23)*	1.06 (0.15)**
Number of children	-.0.21 (0.07)*	-.0.28 (0.06)**	-.0.36 (0.09)**	-.0.27 (0.4)**

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