



### Forced Migration and Refugees: Policies for Successful Economic and Social Integration

Dany Bahar, Rebecca J. Brough, and Giovanni Peri

#### **Abstract**

The inflow of refugees and their subsequent integration can be an important challenge for both the refugees themselves and the host society. Policy interventions can improve the lives and economic success of refugees and of their communities. In this paper, we review the socioeconomic integration policy interventions focused on refugees and the evidence surrounding them. We also highlight some interesting topics for future research and stress the need to rigorously evaluate their effectiveness and implications for the successful integration of refugees.

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### Forced Migration and Refugees: Policies for Successful Economic and Social Integration

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#### 1 Introduction

Understanding policies that address forced migration and integration of displaced people is a matter of great importance. Those who have undergone forced migration are inherently vulnerable, facing risks of violence and poverty. Often enduring both physical and psychological trauma during the escape from their home country, they must then navigate the challenges of living in a new location, whether it be a new country or region. Both where they settle and how they adapt to that environment are crucial to their future well-being and success.

Recognizing which policies, institutions, circumstances and support systems best promote integrating displaced individuals has a potentially high human and economic return for refugees and their host communities. Moreover, the value to local governments and communities of implementing effective policies in a timely and appropriate manner will likely grow as episodes generating refugees may become more diffuse and sudden.

The increasing need to study policies targeted at refugees is best illustrated by the recent rise in displaced people. Figure 1 shows that the total number of refugees worldwide has increased from about 10-12 million between 2000 and 2010 to its historic peak of more than 35 million in 2022. Most of the refugees' growth has occurred in just the last eleven years, since 2013. Local crises in Ukraine, Syria, Venezuela, South Sudan, and Afghanistan have substantially contributed to this surge. Unfortunately, the source causes of these crises (wars, conflict, climate events, political persecution) are likely to persist; this is particularly true as climate change strains resources in already poor countries and as political instability connected to those events increases (see Hsiang, Meng and Cane, 2011 and Burke, Hsiang and Miguel, 2015).

In most of these crises, many people are displaced internally, while another large portion remains near their country of origin, typically developing countries. A smaller fraction reach developed countries that have formal programs to admit refugees. Consequently, refugee integration is important both in developing and developed country contexts.

Figure 1 shows the distribution of refugees grouped into four categories of destination countries in terms of income per capita: low, medium-low, medium-high, and high.<sup>1</sup> The figure shows that most refugees are not in high-income countries (the group is denoted in yellow). In 2020, only 20% were in high-income countries compared to 50% in low- and middle-low-income countries (groups indicated in orange and blue indicated in orange and light blue, respectively). Since 2017, however, the share of refugees residing in high- and middle-high-income countries has grown, making integration prospects in rich countries increasingly relevant.

Refugees who successfully reach developed countries tend to have a higher human

<sup>&</sup>lt;sup>1</sup>Based on the World Bank Analytical Classifications in the 2024 Fiscal Year.

capital potential but a difficult start. Several descriptive studies show that refugees eventually achieve high rates of employment, entrepreneurship, and economic success in the US and Canada (Clemens, 2022 and Evans and Fitzgerald, 2017). However, in many other rich countries, and especially in many countries in Europe, refugees are slow to assimilate, performing worse than economic migrants in terms of employment, income, and other economic measures in both the short- and long-run (Brell, Dustmann and Preston, 2020).

In developing countries, refugees are usually young populations that can contribute to the labor force. However, compared to those reaching rich countries, their distribution of productive abilities is more heterogeneous and less skilled, on average (Hatton, 2020). Additionally, in developing countries, refugees are exposed to stronger distortions in labor markets (and markets overall), and many end up in the informal labor market, often the only option accessible to them, with worse wage and security outcomes.

Across developed and developing contexts, there is room to improve refugees' conditions and long-term economic prospects in ways that benefit both refugees and host societies. The question is, how?

In this article, we aim to explore effective policies, practices, and actions that enhance refugee integration, drawing insights from the experiences of both developing and developed countries. We will examine what is known about these strategies and their outcomes, assessing the roles of various implementing agents and institutions. Our objective is to review existing knowledge on these critical questions and propose a path forward for further study; in doing so, we seek to serve as a resource for evidence-based policy-making.

#### Trends and important refugees' episodes

We have highlighted the sharp increase in refugees since 2013, and their growing presence in high- and medium-high-income countries, as shown in Figure 1. Two additional features warrant discussion.

First, while a significant surge of international refugees occurred in the 1980s, the number of refugees was declining or stable by the 1990s through 2013. Figure 2 shows the number of international refugees during the crisis in the 1980s for five top refugee-producing countries in each year relative to the start of the crisis. Two countries fueled the 1980s surge. People of Afghanistan fled their country starting in 1980 as a consequence of the invasion by the Soviet Union. People from Ethiopia and Eritrea were fleeing the civil war in the late 1970s and the dramatic drought and famine of 1983-1985. During this wave, many refugees settled in neighboring, and often low-income, countries such as Pakistan and Iran (for Afghani), Saudi Arabia, Sudan, and Kenya (for Ethiopian). Other countries driving the surge in the 1980s included Vietnam, Mozambique, and Rwanda.

The number of world refugees then declined in the 1990s and was stable in the decade after 2000. Since the surge of refugees during the 1980s was directed to low- and middle-low-income countries, the rise during the last ten years constitutes the first time many refugees are arriving in high- and middle-high-income countries.

Second, while growing, the number of world refugees is still a small fraction of the population of receiving countries, especially in high-income countries. Even if all the world's refugees were to move to high-income countries, they would represent less than 3% of their population.<sup>2</sup> The size difference between refugee and host populations suggests that integration costs are manageable, especially if shared across receiving countries; furthermore, any average long-term impact on receiving countries is likely negligible compared to the significant improvement in the material quality of lives for refugees and potentially of society as a whole.

One feature that complicates successfully integrating refugees in receiving countries is that waves of refugees arrive in a limited number of countries over a short period. The concentration of refugees in specific destinations creates significant short-term costs and crowding (in terms of infrastructure and humanitarian assistance, for instance). Over the past decade, five major crises have triggered surges of international refugees, placing neighboring countries in emergencies as they grapple with sudden and sizable influxes of displaced people. The evolution of the number of international refugees from each crisis in the post-2000 period is shown in Figure 3. Similar to Figure 2, Figure 3 plots the number of refugees starting the first year of the crisis in the country of origin.

Three crises stand out for the magnitude of refugees leaving the country within the five years since their start. First, the Ukrainian war and crisis produced a very rapid and sudden surge of Ukrainians into the neighboring European countries (especially Poland, Romania, Moldova, and Germany). In 2023, more than 6 million Ukrainians fled the country. As the war becomes more localized in the East and South, some Ukrainians may return to the western part of the country. Second, the Syrian war, starting in 2011, is the most prominent refugee crisis of the post-2000 period. In 2017, more than 8 million refugees escaped, primarily hosted in neighboring Jordan, Lebanon, and Turkey, but also in Europe (mainly Germany). The total number of internally and externally displaced people in Syria is estimated to be about 12 million in 2022. Finally, the Venezuelan economic collapse resulted in more than 6 million Venezuelans leaving the country since 2016, most of them displaced to other Latin American countries, mainly Colombia, Chile, and Peru.

Crises in Afghanistan, starting with the arrival of the Taliban in 2000 and the US-led war in 2001, and in South Sudan, beginning in 2013, have had a more progressive impact on the total number of refugees. Over the eight years since the crisis onset, they have

 $<sup>^2</sup>$ The population of high-income countries in the world (approximated by OECD countries) was 1.32 billion as of 2022.

generated between 2 and 3 million refugees each and between 4.5 and 5 million displaced for each.

Refugees from these prominent episodes are also some of the most studied groups in terms of their integration (or lack thereof) in destination countries. The studies we will review below consider Afghanis, Ethiopians, and, more recently, Syrians and Venezuelans as important groups. With several qualifications, the overall image emerging is more one of difficulties, delays and limited integration than one of economic success of these groups. Most of the literature will describe their economic paths in developed countries and often compare them to the integration of other types of immigrants. Positive exceptions exist, but refugees generally show lower employment rates and lower earnings for many years after arrival, never achieving the same economic outcomes as other immigrants. Before describing the integration policies and their results, however, we should acknowledge a key difference among receiving countries.

#### A significant difference: Developed versus developing host economies

In 2020, more than 85% of refugees lived outside of high-income countries, and fully 55% lived in low- or low-middle-income countries; most often, these are countries bordering refugees' home countries. Furthermore, many people experiencing the same crises that generated international refugees suffer internal displacement. They are forced to flee from their region of residence to other hosting areas in the same country. Consequently, internally and externally displaced people suffer from the challenges of integration in a relatively poor economy, as neighboring regions and countries are likely to be low-income regions.

Despite this, most economic literature focuses on policy interventions for refugees in high-income countries. The reason is likely the availability of data, the availability of researchers and the better resources and organization of research institutions in those countries.

Before discussing existing evidence on policy interventions, it is necessary to highlight some context, situation and local framework distinctions between refugees in developed and developing (or middle-income) economies. Such differences are relevant to understanding the differences in policy types and effectiveness

• Role of government versus international aid cooperating with local organizations: Refugees in developed countries are often 'handled' by government agencies, cooperating with various local public and private entities. Later in their stay, they are typically incorporated into existing welfare and labor programs designed for native populations. Refugees in developing countries are instead more dependent on programs administered by international aid organizations and more oriented toward the "emergency" or "humanitarian" rather than the "integration"

aspects of the refugee crisis. However, refugees' access to this aid may depend on whether they reside in camp or non-camp settings (Betts et al., 2017).

- Legal status and role of informality: Refugees often face temporary and precarious legal statuses in development contexts, which can limit their participation in the formal economy. However, there is also a robust informal economy where both refugees and natives may work. This suggests that while refugees in developing countries may lack legal status, they can still benefit from available informal work/employment opportunities. Therefore, researchers should adapt both the meaning of labor market integration and the data used to measure integration to reflect local labor market realities (for example, reliance on administrative data alone misses employment in informal sectors).
- Expectation of return: The fact that many refugees in neighboring countries (often developing) are geographically close to their homes and frequently live in poor conditions designed to be temporary (for example, in camps or even precarious situations) suggests that they may have a higher perception that return is likely. However, this belief is likely wrong; in fact, a very small proportion of refugees eventually return, with this share estimated to be 1.2% in 2019 (Zetter, 2020). Nonetheless, the expectation of temporary stay changes individuals' incentives to invest and integrate into their host economies. As a result, low return expectations compounded by precarious living situations that may reinforce these perceptions contribute to integration challenges in developing contexts as they limit refugees' willingness to make integration investments for themselves and their children.
- Refugee camps versus dispersal: Approximately 22% of refugees live in camps, most residing in developing countries (UN, 2021). Camp environments, while providing immediate shelter, can limit refugees' ability to engage with local people and the economy. In contrast, refugees in developed economies are dispersed in the country and initially supported while settling into local communities.

Acknowledging these distinct differences, our review distinguishes between policies to integrate refugees analyzed in developing and developed country contexts.

# 2 State of the literature on the economics of displaced people

The literature on the economics of displaced people and refugees has developed three different areas of analysis. We will briefly summarize them here and then delve into the third of these areas, which is the focus of this paper.

## Effects of displacement on refugees, sending and host communities

First, there are studies analyzing the economic effects of forced migration on refugees themselves and on receiving and sending communities.

Ruiz and Vargas-Silva (2013) provide a useful review piece of the literature analyzing the economic impact of displacement on refugees and on receiving communities, focusing primarily on developing countries. They emphasize the importance of separating the effect of war/conflict from that of displacement in assessing such effects. Becker and Ferrara (2019) provide an updated analysis of the same literature, categorizing studies by the affected population (refugees, sending and receiving communities) and different social and economic outcomes. Throughout, they emphasize the need to consider the unique role that *forced* migration – as opposed to migration itself – plays in affecting refugees' outcomes. This distinction is particularly important if the unexpected and/or trauma-based nature of forced migration alters refugees' decisions, preferences, and/or integration prospects.

Within this literature, the effects of forced migration on receiving populations is the most commonly studied outcome. Generally, the literature finds that the impact of forced migration on receiving communities' labor market outcomes is null or small, although this varies across contexts (Becker and Ferrara, 2019). Ruiz and Vargas-Silva (2013) highlight studies finding larger labor market effects, focusing on the heterogeneous effects on different groups of receiving-country natives. While to date, the literature has focused on the employment and earning effects of forced migration, a growing body of work is considering how refugees affect economic structures in other ways (for example, entrepreneurship, dynamism and trade as in Parsons and Vézina (2018); Bahar, Cowgill and Guzman (2023) and Bahar, Cowgill and Guzman (2022)); these non-traditional outcomes are important to understand refugees' aggregate contributions to their host societies.

The literature analyzing the effects of forced migration on sending areas is less developed likely because this is inherently more complicated. Forced migration in response to local shocks (for example, civil wars or natural disasters) is affected both by the local shock itself and by co-nationals' decisions to flee in response to this shock. Disentangling the effects due to enduring the initial and subsequent manifestation of the shock relative to those due to the out-migration of a group of co-nationals is challenging. However, work that does not rely on national shocks but rather on more individual-specific reasons for forced migration – for instance, political expulsions – generally finds adverse effects for individuals who stay (e.g., decreased levels of education) as well as for measures of economic development at aggregate levels (e.g., current economic output, population density and skill-intense industries) (Becker and Ferrara, 2019).

#### Documenting problems in the integration of refugees

A second area of the literature considers how refugees' economic prospects compare relative to natives and other groups of migrants with similar observable characteristics. Most of these analyses are descriptive in nature and based on evidence in advanced economies (e.g., Brell, Dustmann and Preston, 2020; Dorn and Zweimüller, 2021), but there are also some focused on developing countries (e.g., Bahar, Morales and Restrepo, 2022). Typically, these studies define economic integration as the gap in employment probability, earnings, and other economic outcomes, between refugees and natives (or other groups of immigrants) with similar demographic characteristics. Overall, these studies document difficulties in catching up with natives on many metrics, especially income and earnings. Often, refugees also lag in economic performance relative to other immigrants (especially in Europe). While case studies document refugee success stories, especially in Canada, Australia and in the US – such as the many examples in Legrain (2016) which describe refugees becoming inventors, CEO and entrepreneurs – in most cases, especially in European countries, this is not the norm. This suggests that current policies may not help in fully developing the economic potential of refugees.

In their literature review, Ruiz and Vargas-Silva (2013) argue that there are often negative effects of displacement on refugees' employment and earnings outcomes, but that the forced displacement episodes for which we are able to observe a longer time horizon (for example, studies focusing on WWII) demonstrate that forced migrants have the potential to succeed in the long-run (possibly over generations) through additional investment in education. Consistent with this, recent evidence found that refugees to the US in the first half of the 20th century acquired more advanced language skills over the long run (Abramitzky et al., 2023).

Considered in its entirety, this work suggests that while recently displaced people may be initially disadvantaged, they have large potential that host countries should work to help develop.

#### Evaluating policies for Economic Integration of Refugees

Finally, the third strain of literature, which is the focus of our review, rigorously evaluates policy interventions directed to forced people and refugees. Despite its importance, this literature is relatively small and even more limited in developing-receiving-country contexts. Consequently, finding review articles on this topic is particularly challenging and hence the focus of this paper. To the best of our knowledge, review articles that complement this study are Foged, Hasager and Peri (2022), which focuses on labor market outcomes in the developed setting and compares short to long-run effects, and Schuettler and Caron (2020), which places greater emphasis on papers in developing settings and on internally displaced persons. Our study aims to expand the scope of analysis to

encompass both developing and developed countries, as well as a broader set of policies and outcomes.

# 3 Evidence-based evaluation: Five key integration policies

In this section, we discuss the evidence of five different types of integration policies for refugees across developed and developing contexts. Table 2 summarizes each paper evaluating a relevant refugee policy.

#### 3.1 Legal status and access to rights and markets

Access to legal rights as workers and residents and how costly it is to achieve such status are among the most important policy tools for the integration outcomes of refugees. Legal rights not only grant access to the formal labor market, but may be critical in refugees' ability to access healthcare, education, housing, credit markets and efficiently use government services such as legal representation and the criminal justice system.

#### Evidence from high-income countries

In high-income countries, bans on asylum seekers' ability to work while they await refugee determination are particularly widespread, ranging from wait times of 6 to 12 months (Marbach, Hainmueller and Hangartner, 2018). While these employment bans are often less than one year, they can negatively affect labor market outcomes through the mediumto long-run. Evaluating policy changes in Germany that reduced the length of time asylum seekers must wait to access employment, Marbach, Hainmueller and Hangartner (2018) found that refugee cohorts who had to wait an additional seven months to access employment were 20 percentage points (approximately 69%)<sup>3</sup> less likely to be employed five years after arrival. This effect, however, faded by year 10. Similarly, Fasani, Frattini and Minale (2021), exploiting variation in the timing and geography of employment bans across Europe, found evidence that exposure to employment bans reduced employment by 15% in the ten years post-arrival, with the largest effects concentrated in the initial years post-arrival and amongst low-educated groups. The magnitude of these estimates is large relative to other policies considered.

Although evidence in the developed context space is limited, early access to employment might also improve nonlabor market integration outcomes. For example, Couttenier et al. (2019), using the case of Switzerland, found that refugees exposed to violence in their home country are more likely to perpetuate crime in their host country than refugees

<sup>&</sup>lt;sup>3</sup>20 percentage points on a base of 29%

less directly exposed to conflict. However, two-thirds of this effect can be eliminated if refugees are granted early access to the labor market. This finding is important both because it is one of the few causal studies on the transmission of violence and because it suggests that refugees may uniquely benefit from being granted legal access to the labor market as a channel to overcome their past trauma.

Studies have also shown the value of legal residency rights. Evidence from non-refugee settings found that naturalization (granting of citizenship) improves immigrants' ability to access high-paying jobs and increases earnings up to ten years post-arrival (Bratsberg, Ragan and Nasir, 2002 and Hainmueller, Hangartner and Ward, 2019). Importantly, this work found that naturalization itself—and not behavior in anticipation of naturalization—explains differences in labor outcomes.

In recent years, some developed countries (such as Nordic countries, especially in response to the Ukrainian crisis) have increased the use of temporary permits over permanent residency permits. Policy advocates of temporary permits suggest that they serve as potential "incentives" for refugee integration, as individuals would be eligible for a permanent one if (i) grounds for asylum in their home country remain intact, and/or (ii) the individuals have developed sufficient labor-market attachment within the host country before the temporary permit expires. Existing literature focused on refugees in Denmark, however, finds no evidence that temporary permits as a precondition to permanent ones effectively improve integration outcomes. For example, Kilström, Larsen and Olme (2023) found no difference in labor market outcomes between shorter and longer temporary permits (from 3 to 7 years). Similarly, Arendt, Dustmann and Ku (2023) found that conditioning permanent residency to language proficiency and cumulative employment decreased employment on average by 30% during years 3-7 of the temporary permit period. These results were driven particularly by those with low initial labor force attachment. While the intervention increased language attainment for those with the highest initial attachment to the labor force, it did not increase integration among groups facing the strongest initial barriers to integration.

A second policy consideration not yet explored in the literature is how employers respond to temporary permits. Specifically, employers might be less willing to hire refugees facing uncertainty about their future residence status, especially when training costs are high.

#### Evidence from low- and middle-income countries

Evidence on the effects of legal status is limited in low- and middle-income countries. Additionally, legal status is less accessible to refugees in middle-income and developing countries. Only 42% of refugees have such status in developing countries (Betts and Sterck, 2022) and its relevance for participation in the labor market is smaller due to in-

formality and can depend on whether refugees are in camp settings or not. Despite this, emerging evidence has shed light on the short-term effects of legalization for refugees. Notably, while formal employment effects on average seem smaller than they are in developed settings, legal rights still have large effects on self-reported labor and nonlabor integration outcomes.

Exploiting Colombia's 2018 regularization program, which provided legal rights to residency, employment, and government services for a subset of Venezuelan refugees, Bahar, Ibáñez and Rozo (2021) found that legal rights increased the likelihood of Venezuelans being formally employed (4 percentage points, on a base close to 0), and did not create job displacement for locals. Ibáñez et al. (2023) found larger effects of regularization on formalized employment for Venezuelan migrants (10 percentage points), which is large relative to Bahar, Ibáñez and Rozo (2021), but still only one-fifth the formalization rate of Colombian workers, suggesting that other barriers exist limiting migrants ability – or desire – to access formal markets.

Employment benefits of regularization outside of traditional labor markets appear much greater. Ibáñez et al. (2023) found large effects on self-reported employment (26 pp or 46%), and labor income (22%). These findings suggest that increased opportunity in the formal sector increased the opportunities and realized earnings in the informal sector as well. Legalization also increased the likelihood that refugees were employers as opposed to employees –using the universe of newly registered firms, Bahar, Cowgill and Guzman (2022) found that Venezuelan refugees who receive a regular migratory status increased their rate of entrepreneurship by a factor of 12.

Nonlabor market effects of the Colombian amnesty program are substantial. Ibáñez et al. (2023) found that amnesty increased overall well-being, consumption and income from government sources (due to higher enrollment in assistance programs) and labor income. The effects on overall consumption (48%) are almost twice as large as the consumption effects of cash transfer programs in developing contexts; this is consistent with regularization providing both increased income through safety net programs and through employment. Legal access also enabled refugees to use health services and criminal justice systems, resulting in decreased fertility, a better ability to weather the COVID-19 shock and an increased probability of women reporting sexual and domestic violence crimes to authorities (Amuedo-Dorantes et al., 2023; Urbina et al., 2023 and Ibáñez, Rozo and Bahar, 2021).

#### 3.2 Language Training

Language training for refugees takes the form of classes to learn the host country's language, provide basic literacy as well as some civic, institutional and cultural education.

#### Evidence from high-income countries

Research shows that investing in language training programs is important for the long-term success of refugees and intergenerational integration. Evidence from Denmark, exploiting changes in language requirements (Foged et al., 2022 and Foged, Hasager and Peri, 2022) and access to language classes (Foged and Van der Werf, 2023) showed that language training increased earnings, allowed refugees to access careers in more complex types of jobs, and increased the likelihood of social integration, as measured by a 70% decrease in the probability of leaving one's initial community. Compared to other policy interventions, language training is unique in affecting both long-term outcomes (increasing employment and earnings by 12% and 15% over 15 years) and producing high returns for women who are largely unresponsive to labor-market-based programs, as we will analyze below (Foged, Hasager and Peri, 2022). Additionally, there is evidence of positive spillovers to the second generation. Foged et al. (2023) found that parent language training increased children's performance and likelihood of completing lower secondary school and decreased boys' juvenile crime rates.

The importance of language training is corroborated by evidence that speaking the local language improves several economic outcomes. Auer (2018) and Schmid (2023), exploiting quasi-random placement of French-speaking refugees to French-speaking and non-French-speaking locations in Switzerland, found that speaking the local language increased employment by 20% two years after arrival and by 167% five years after arrival, respectively. It may also increase refugees' knowledge of medical best practices and available services – translating to positive spillovers to the next generation through increased birth weight (Auer and Kunz, 2021).

While language is clearly important, it might also be the case that the *process* of language learning results in improved outcomes. Language training appears valuable even amongst individuals with relatively high language ability. For example, Auer (2018) found that language training had benefits even for those who were familiar with the language of their host region.

Lochmann, Rapoport and Speciale (2019) found that increased language training in France encouraged job search, increasing labor force participation by 18-33%. They, however, found that it had no impact on realized employment. One explanation is that the language training intervention was not intense enough to impact job finding (the number of hours of language training prescribed in the Danish interventions described above was over three times as many hours). Consistent with this explanation, the authors found no effect on language proficiency test scores, and over 70% of participants indicated needing more language training than was provided. But despite this "low-dose", the authors still found positive effects of language training on individuals' knowledge of local services, including employment agencies, passing driver's license tests and applying for

recognition of academic diplomas. These findings suggest that the benefits of training courses may be broader than just language learning.

Whether the importance of language training goes beyond language building and interacts with other benefits accrued by regularly attending in-person programming with other refugees remains an open question in the literature. This might be the case, for example, if language training serves as a better signal to employers than is language ability alone or if – as previously discussed– attending classes allows refugees to acquire additional information about local services and build local networks. In addition to Lochmann, Rapoport and Speciale (2019)'s discussion of this, Auer (2018) provides another nice exploration of this phenomenon; in particular, he found that language training participation is about as important as having an initial language match to a region (both increasing the probability employment by 14% within 2 years after arrival); though language training is still less valuable than sharing a mother tongue to a host region (which increased the employment probability of 20% 2 years after arrival). Importantly, the paper is not able to distinguish between the returns to language and the returns to training. Despite returns being similar, it might be the case that those participating in language training have poorer language ability but are able to compensate in the labor market through other benefits accrued through language training.

#### Evidence from low- and middle-income countries

Unfortunately, our understanding of the effect of language training or speaking the local language on refugees' integration is scarce in low- and middle-income countries. We know of no rigorous study that evaluates either in the developing country context amongst refugees. This may be partly because higher-income countries are more proactive in offering such skill-acquisition programs. In contrast, low- and middle-income countries often lack the resources to do so (Zetter and Ruaudel, 2016). Similarly, language skills are more likely to overlap between neighboring countries, so the perceived need for language programs may be low.

Nonetheless, existing descriptive work documents an association between language skills and employment. In Turkey, Syrian refugees with Turkish proficiency were 4.6% more likely to be employed than those without (Kayaoglu and Erdogan, 2019). Next to legal documentation, language barriers were the most significant barrier to employment for refugees living in urban Uganda (Vermuru et al., 2016).

Some studies have highlighted language barriers as a potential obstacle to children's educational success. Language is one of the largest barriers for Syrians to attain higher education in Turkey (Yavcan and El-Ghali, 2017). It may also be responsible for the high dropout rates of Syrian high school-aged students (Memişoğlu, 2018). There are sev-

eral innovative interventions to address this issue, though we are unaware of any study considering their effects. These include increased training of teachers to help second language learners; scholarship initiatives (run by NGOs and UNHCR) to improve refugees' language learning; and some experimentation in universities with degree courses taught in Arabic (Yavcan and El-Ghali, 2017 and Memişoğlu, 2018).

A final consideration often discussed in low- and middle-income country contexts is a possible tension between maintaining refugee children's proficiency in their home country's language – which helps keep cultural roots intact and facilitates return home – and developing the language skills of their host country – which enable children to better integrate to their host society and possibly attend local schools (Reddick and Dryden-Peterson, 2021). The UNHCR increasingly recommends language instruction in the host country's language, but policies have varied across countries and over time, causing large language disruptions in education (Dryden-Peterson, 2015). We have no causal work documenting how these education language policies have affected children refugees' lives, but they are likely consequential.

This brief discussion has highlighted some of the more promising research avenues in language learning in the development context. We encourage academics to build additional evidence in each of these spaces.

#### 3.3 Active Labor Market Policies (ALMP)

Active Labor Market Policies are programs in which local or national governments intervene in the labor market to help workers. Typically, these consist of programs broadly designed to promote training and enhance one's readiness for work, such as efforts to motivate workers and assist in job search efforts.

#### Evidence from high-income countries

In developed settings, ALMP programs are common among immigrants and natives, and most of our evidence of ALMPs originates from native populations (see Card, Kluve and Weber (2018) for a review). Existing work suggests that the average short-run effects of ALMPs are similar across native and refugee groups (Foged, Hasager and Peri, 2022). However, given refugee's lower baseline employment rates relative to natives (in particular in Europe), this translates to a larger relative effect of ALMPs for refugees than natives.

The ALMP literature makes clear that not all ALMPs implemented at any time are effective. And in particular, there are several considerations unique to refugees. ALMPs designed in light of refugees' initial language needs; with opportunities for human capital accumulation, including on-the-job training; and with private employer inputs are among the most effective programs for refugees. For example, ALMPs implemented early upon refugees' arrival focused on job logistics – such as interview skills, resume building, and

assistance in applying to jobs – have small to no effects on short-run outcomes (e.g., Battisti, Giesing and Laurentsueva (2019) find weakly positive effects for the case of Germany, and Clausen et al. (2009) find positive effects only for those most language-proficient for the case of Denmark).<sup>4</sup>

More intense interventions such as wage subsidies of private jobs and on-the-job training are broadly more effective than job search assistance programs alone (consistent with Card, Kluve and Weber, 2018). For example, Joona and Nekby (2012), through the use of an RCT in Sweden that provided more resources for case managers to tailor individuals' policies based on a suite of traditional options (i.e., wage subsidy and job search assistance programs), found that the program increased employment outcomes for participants up to the medium-run. The study found this was partly driven by shifts towards wage-subsidy work and away from job-search programs. This result suggests that without a tailored approach, job-search programs are possibly over-subscribed compared to wage-subsidy programs.

However, despite the success of some ALMP interventions, the literature highlights trade-offs between short-run ALMP effectiveness and participation in more general human capital acquisition, especially language training, which may be more beneficial in the long run. For example, Arendt, Dustmann and Ku (2022) and Arendt and Bolvig (2023) both find positive effects of ALMPs in the short-run, but also evidence that participation in ALMPs decreased participation in ("crowded-out") language learning programs.

Likely because of this existing trade-off, recent evidence has shown promising results for intense interventions that pair on-the-job training with language training and firm inputs (Dahlberg et al., 2020). Similarly, Sarvimäki and Hämäläinen (2016) considering a reformed ALMP in Finland for disadvantaged immigrants, including refugees, found that ALMPs prescribing unique "integration plans" according to individual needs increased cumulative earnings over 10 years by 43%. In particular, customized integration plans differed from standard plans by assigning more immigrant-specific training, which included language.

One important consideration is whether studies that find small effects of active labor market programs mean that the programs are ineffective or merely that their timing or context is wrong. For example, Heinesen, Husted and Rosholm (2013) reconsider the set of interventions studied by Clausen et al. (2009) in Denmark – which included job-search interventions, wage subsidy, and direct employment programs – but where 60% of participants had resided in the host country for at least five years. They found significantly positive and larger effects of all programs, suggesting that the amount of time spent in the host country (and factors associated with this, including language-building and cultural knowledge) influences the effectiveness of ALMPs. Timing and sequencing

 $<sup>^4</sup>$ It is somewhat hard to compare the relative magnitudes of these studies since they consider different outcomes.

of these programs relative to the arrivals of refugees may be critical for optimal policy design, but these specifics are relatively unstudied.<sup>5</sup>

The interplay between employment and language training is highlighted in other contexts, and often, it points towards effective policies exploiting the *complementarity* between employment and language. If language-building and employment were always substitutes, we might expect employment bans (discussed above) to increase language learning (since refugees have time to build language skills while excluded from the labor force). Evidence, however, suggests this is not the case. Fasani, Frattini and Minale (2021) found that exposure to employment bans at arrival increased the likelihood that refugees had low language proficiency by 74% (12.5 pp on a base of 17%).

Additionally, ALMPs that incorporate inputs from firms in terms of demand for jobs and skills have recently been shown to be effective. Notably, Foged, Kreuder and Peri (2022) study the short-run effects of a Danish policy that prioritized matching refugees to occupations based on labor shortages and fast occupation-specific training. The study finds that the intervention increased employment by 10 percentage points two years after arrival (approximately 50%) and benefited the relative sectors. Although additional research is needed to understand the long-term effects of employer-partnership interventions, targeted ALMPs deployed with insights from employers may be more effective than general programs. Notably, this effect size is larger than the average ALMP program and comparable to the most effective ALMP programs (those that include training components) among native populations.<sup>6</sup>

#### Evidence from low-and middle-income countries

Evidence on the effects of ALMPs on refugees in development contexts is sparse but suggests that they may be less effective and short-lived (at least in terms of labor market outcomes) relative to those in developed countries. This is broadly consistent with general findings from the literature that ALMPs are less effective in developing countries (McKenzie, 2017). There are several reasons why this might be the case. First, as many jobs are in the informal economy, employers in those sectors may not value traditional job training programs if they do not apply to job needs. Secondly, de jure and de facto employment restrictions may mitigate the effects of employee-based job interventions if frictions are strongest among employers. In addition to these context considerations, it is hard to compare the magnitudes across these studies, as existing evaluations in development settings consider relatively less intense interventions and do not consider medium-or long-term effects.

<sup>&</sup>lt;sup>5</sup>Clausen et al. (2009) only finds positive employment effects of private wage subsidy programs. Again, the authors are using employment duration measures which are not comparable to many studies cited here, so we avoid trying to compare magnitudes.

<sup>&</sup>lt;sup>6</sup>Card, Kluve and Weber, 2018 find that the average effect of ALMPs for native populations is 5.4 pp two years after implementation whereas training-based ALMPs are more effective

Caria et al. (2023) using an RCT design considered the effects of information (where participants are given information about job logistics) and behavioral nudges (where participants were encouraged to plan for job search) for Syrian refugees in Jordan. They found evidence that two months after implementation the interventions increased job search by 11% and 9%, respectively, though neither is statistically significant, and employment rates by 52% and 38%, respectively, on a baseline employment rate of 9.1 percentage points; however, these effects were short-lived and did not persist after four months.<sup>7</sup>

It may also be that the relevant outcomes for labor market interventions are different between developed and developing countries, making it hard to compare directly these studies with the literature in the developed context. For example, diverging from traditional ALMPs, literature in the development context often discusses the importance of models that promote sustained self-reliance instead of emergency relief measures. While both ALMPs and these models aim to improve participants' financial security and well-being through work, they may diverge in how important the labor market is in achieving these self-sufficiency goals. For instance, MacPherson and Sterck (2021) consider an intervention to promote the use of agriculture and mobile money (as opposed to in-kind food rations) to increase the self-reliance of refugees within refugee camps in Kenya. They found evidence of increased consumption (approximately a 10% increase in log calories) and self-reported happiness, and while they found no changes in formal employment or assets, their results are nonetheless significant.

There is room for additional research in this space. First, civil society organizations are increasingly offering ALMPs that are more similar in rigor to those implemented in developed contexts. However, these have yet to be evaluated (e.g., Oxfam's Cash-for-Work program is a temporary employment program in Jordan, Lombardini and Mager, 2019). One possible reason for increased interest in ALMPs in development contexts, which is likely to grow in the future, is the trend to remove employment restrictions in developing countries (Blair, Grossman and Weinstein, 2022). <sup>8</sup> A final area that warrants research and attention is whether, like in developed countries, ALMPs conducted in coordination with employers are particularly effective. Recent evidence from Uganda shows how positive refugee-employer matches increase the probability of employers hiring refugees in the future (Loiacono and Silva-Vargas, 2022).

<sup>&</sup>lt;sup>7</sup>This intervention is most comparable to the job-search assistance programs discussed in the previous section

<sup>&</sup>lt;sup>8</sup>For example, the 2016 Jordan Compact commits the EU to finance and trade concessions in exchange for work permits for Syrian refugees in Jordan. A similar agreement is in effect in Ethiopia.

#### 3.4 Cash Transfers

Across developed and developing contexts, immediate access to financial resources is intuitively important to attend to the early needs of refugees. Their role in medium-or long- run economic integration is unclear. Most developed countries offer some form of cash assistance to refugees in the early years (1-2 years). Developing countries may have cash transfers, although they may be administered by international organizations (particularly in the case of refugee camps).

#### Evidence from high-income countries

A big question –especially in developed economies– is whether income transfers discourage labor market activities. On the one hand, increased transfers decrease initial incentives to work. If unemployment in the short run has a scarring effect and translates to persistent disadvantage in the labor market, welfare programs could negatively affect refugees' long-term integration. An alternative narrative is that cash transfers give refugees the financial freedom to invest in skills, training and human capital that yield labor market returns in the long-run or to find higher-quality jobs. While a similar discussion is ongoing about the value of cash transfers to natives, we note that this latter story is particularly relevant for the refugee population given the previous discussion of sequencing language and job training, as order matters and job interventions may be more effective if preceded (or at least accompanied) by language and cultural education.

Indeed, a growing body of literature focused on Denmark finds that a reduction in welfare increases short-term employment (Rosholm and Vejlin, 2010; Dustmann, Landersø and Andersen, 2023 and Foged, Hasager and Peri, 2022) but does not improve refugees' long-term outcomes. Research exploiting the date of implementation of Denmark's Start Aid welfare reform, found that welfare cuts had large positive effects on employment in the first year post-reform (89%, i.e. 9.3 pp on a base of 10.3 percentage points) but that these effects are muted and null in the medium- (5 years post) to long-run (10+ years post) (Dustmann, Landersø and Andersen, 2023 and Foged, Hasager and Peri, 2022). Short-run increases in employment did not lead to increased income, however. Instead, evidence from the Danish reform found that income decreased since employment income only partially replaced transfer income (Dustmann, Landersø and Andersen, 2023; Jakobsen, Kaarsen and Vasiljeva, 2016; and Huynh, Schultz-Nielsen and Tranæs, 2007).

In fact, there is evidence that access to cash in the short-term may even improve medium to long-run earnings outcomes (Black et al., 2022 and LoPalo, 2019). For example, exploiting the variation in cash welfare generosity across US states, LoPalo (2019) found that a \$100 increase in welfare increases earnings by 5-8%, five years after arrival. Although there is little evidence of employment effects, the US setting has extremely high refugee employment rates compared to other developed countries, so it is not surprising

that labor market effects manifest themselves on intensive (earnings), not extensive (employment), margins (Brell, Dustmann and Preston, 2020).

While the channels through which immediate welfare access translates to positive long-run labor outcomes are not well established, the literature highlights job quality and skill investment as two potential channels. First, access to welfare may increase refugees' ability to obtain higher-paying jobs, giving them more time to search and more bargaining power. Dustmann, Landersø and Andersen (2023) found that the welfare cuts produced higher short-term employment driven in unskilled manual work fields, regardless of refugees' education status. This observation suggests that when refugees are pushed to find jobs quickly, they prioritize easy-to-find but low-pay work with limited upward opportunities that do not reflect their potential skills or aspirations. Consistent with this, LoPalo (2019) found that increased earnings due to higher welfare benefits were concentrated among higher-educated individuals.

Secondly, emerging evidence suggests that increased levels of welfare allow refugees to invest in education to achieve higher earnings in the medium- to long-run. Studying refugees in Germany after World War II, Black et al. (2022) found evidence that cash transfers increased the education attainment of young adult refugees and male children. However, not all studies find evidence to support this educational attainment channel. For example, in the case of Denmark, Jakobsen, Kaarsen and Vasiljeva (2016) did not find that welfare cuts changed children's educational attainment. An interesting distinction in the setting by Black et al. (2022) is that there was complete cultural and language overlap between refugees and the host destination (since they focus on migrants within Germany). As Becker et al. (2020) suggests, it might be the case that the experience of being a refugee increases the demand for education, but this is only achieved for those with sufficient language skills to progress through additional education.

There is also evidence of adverse effects of cutting cash transfers on nonlabor integration outcomes. For example, Dustmann, Landersø and Andersen (2023) found that reducing welfare transfers increased the likelihood of subsistence crimes – namely shoplifting from grocery stores; this is consistent with a growing literature that finds that access to cash welfare reduces criminal justice involvement for low-income native populations (e.g., Deshpande and Mueller-Smith (2022) found that losing disability benefits at age 18 increased criminal justice involvement over the next two decades).

#### Evidence from low- and middle-income countries

In contrast to other policies discussed, the evidence on cash transfer programs in developing contexts is relatively large, albeit still limited.

Existing work suggests that cash has positive effects on labor outcomes. Caria et al. (2023), in an RCT setting in Jordan, found that cash transfers increased employment by

73% and earnings by 67% four months after the intervention for Syrian refugees. The authors interpret these findings as evidence that refugees likely do not have enough initial capital to facilitate job search activities (e.g., to cover transportation or other job search costs). In addition, cash might be particularly important for small-scale entrepreneurs when access to the credit market is limited, a phenomenon typically more pronounced in developing countries. In contrast, Salti et al. (2022) found that cash transfers in Lebanon reduces labor force participation by 6.9 pp, but also decreases unemployment by 4.9 pp. This might suggest that cash transfers deter employment efforts mainly for those least able to attain jobs.

Aside from these studies, however, most cash transfer programs in the development setting do not consider labor market outcomes as the primary outcome of interest. This might be in part due to the severe employment restrictions in the development context, making cash transfers a necessity for subsistence rather than available for labor market investments. Additionally, cash interventions often occur in the short-run following displacement (while refugees are in camps or within a first host country), during which a main focus is to ensure family and children's well-being as the largest risks for displaced people in the short run are severe consequences of lack of food, basic needs and health for them and their children.

Evidence from Syrian refugees in Lebanon has shown that cash welfare had success in improving these broader well-being outcomes. For example, a cash welfare program providing \$175 per household per month increased food expenditures and consumption, improved access to housing, and decreased food insecurity (Moussa et al., 2022; Salti et al., 2022). There are also significantly positive effects on children, and in particular, evidence that cash welfare decreased families' dependence on child labor – an incredibly costly form of income in the long-run since it discourages school enrollment (Moussa et al., 2022 and Salti et al., 2022). Özler et al. (2021) also found positive effects of cash transfers for refugees in Turkey, reducing household debt by 18-24% and improving food consumption. Though, importantly, they also found that children were re-allocated to eligible households (and away from in-eligible households), increasing total household expenditures while decreasing *per capita* expenditures; this highlights the potential consequences of administering non-universal transfer programs.

While longer-run evidence is exceptionally scarce, recent work suggests that positive effects persist only through the duration of the program. Focusing on the case of Syrian refugees in Lebanon, Altındağ and O'Connell (2023) found that none of the positive well-being measures persisted by the sixth month following the end of cash transfers. While refugees with access to cash transfers increased their savings during the subsidy period, savings were quickly depleted during the post-subsidy period. While unfortunate, this

 $<sup>^9</sup>$ Outside the scope of this review, Siu, Sterck and Rodgers (2023) and Hidrobo et al. (2014) discuss the trade-offs of cash – relative to food vouchers and in-kind goods – in refugee settings.

result is possibly not surprising in contexts where cash transfers are needed for subsistence and where there are insufficient resources to build individuals' self-reliance through work.

A final feature worth mentioning is that, unlike the developed setting in which cash welfare programs are often identical to or similar to welfare programs available to vulnerable natives, cash transfer programs in development settings may be uniquely available to refugees. A concern is that increased aid to refugees might increase locals' hostility and negatively affect refugees' integration outcomes. This may especially be the case in urban settings where natives and refugees live in close proximity. Evidence from Turkey, however, suggests that cash transfers may have actually decreased violence and aggression towards refugees; the authors argue that this was because refugees were able to use international aid to boost the local economy, thereby benefiting natives (Lehmann and Masterson, 2020).

#### 3.5 Initial placement and role of co-ethnic networks

An extensive literature finds that the initial location of refugees is important for their integration outcomes. This literature is especially large in high-income countries, though no similarly rigorous literature exists in developing country contexts. However, more relevant to developing settings, some work discusses the trade-offs refugees make when deciding to live in rural areas (typically where refugee camps are) or in urban settings (where there are better job prospects).

Existing practices in developed countries typically do not consider initial placement and the characteristics of initial location, including networks, as concrete policy tools for refugee integration. Instead, initial settlement decisions prioritize equal distribution of refugees across locations to distribute the burden among host communities. However, several studies have found that initial placement and local characteristics are determinants of refugee outcomes and so encourage policymakers and researchers to consider the potential for placement strategies to promote integration.<sup>10</sup>

#### Evidence from high-income countries

Evidence from several studies in the European contexts shows that a strong local labor market, with a high employment rate, increases economic performance in the medium (Aksoy, Poutvaara and Schikora, 2023) and long-term (Åslund and Rooth, 2007). Increasingly, evidence in this space points towards the lack of secondary migration —as opposed to scarring effects due to temporary unemployment—as being a primary channel through which poor initial economic conditions translate to sustained long-run run effects (Godøy, 2017, Azlor, Damm and Schultz-Nielsen, 2020). In other words, initial place-

 $<sup>^{10}</sup>$ In a later section we discuss a framework for how to use placements and "initial matching" as an integration tool.

ment in poor-performing economies hurts refugees because the location is "sticky" and refugees are unlikely to migrate to areas where job prospects are better. Opportunities for wage growth are also important. Eckert, Hejlesen and Walsh (2022) found that refugees placed in cities experience the greatest wage growth compared to refugees not placed in cities, despite the two groups having initially similar labor market outcomes. This is due to refugees in cities being able to sort quickly into higher-paying jobs, a unique characteristic of thick labor markets where workers can search and upgrade their jobs more effectively and often. Considering a historical episode, Braun and Dwenger (2020) also found evidence of higher employment returns to refugees in city-like communities in Germany. Importantly, due to the economic benefits of living in cities, the practice of dispersal policies that settle the average refugee away from the city hurts the economic integration of refugees (Damm and Rosholm, 2010 and Edin, Fredriksson and Åslund, 2004).

Several studies have considered the effects of nonlabor market conditions on outcomes. This work has found that being placed in areas of high crime increases one's propensity to engage in criminal activity (Damm and Dustmann, 2014) and that exposure to politically engaged neighbors increases political engagement (Bratsberg et al., 2021).

A few papers investigate how initial labor market conditions interact with other integration policies and generally find that strong labor markets for non-western immigrants conditions can mitigate (or improve) the negative (or positive) effects of integration policies. For example, Dustmann, Landersø and Andersen (2023) found that being placed in strong labor markets staved off the adverse medium-run effects of reductions to cash welfare; similarly Foged, Hasager and Peri (2022) found that the returns to language programs were greater when refugees lived in strong labor markets.

A second key feature of settlement location is the presence of co-ethnic networks, namely other immigrants from the same country/region as the refugees. There is some evidence that ethnic networks can improve economic and social integration, in the short-and medium- term (Damm, 2009, Martén, Hainmueller and Hangartner, 2019, Beaman, 2012). Likely, this operates through information channels that connect refugees to employers (Martén, Hainmueller and Hangartner, 2019). Meanwhile, other work has found that networks do not improve labor market outcomes (Beaman, 2012; Müller, Pannatier and Viarengo, 2023; Braun and Dwenger, 2020) and, in the medium-run, decreased investment in education (Battisti, Peri and Romiti, 2022).

One potential explanation for this mixed literature is the observation that the *type* of ethnic network present matters. Newcomers may not benefit from networks of conationals employed in low-paying jobs or with high unemployment rates. Studies that have considered the effects of being exposed to ethnic networks, differentiated by quality, defined as co-ethnic networks' attachment and success on the labor market, such as Edin, Fredriksson and Åslund (2003) and Damm (2009), have found positive returns to high-

quality networks with Edin, Fredriksson and Åslund (2003) finding negative effects for those placed with low-quality networks. Similarly, Beaman (2012) found heterogeneous effects based on network tenure: the longer a network has resided in a given settlement, the larger the employment probability of new refugees. This is consistent with recent waves of immigrants being more likely to compete for existing jobs (Braun and Dwenger, 2020).

In the only paper considering the long-run effects (15+ years) of ethnic networks, Foged, Hasager and Peri (2022) extend the analysis of networks effects in Denmark and find that the presence of ethnic networks does not improve employment or earning outcomes of refugees over this horizon.

Networks may have nonlabor market benefits, however. For example, networks may help individuals navigate nonlabor market systems (accessing government services, legal systems, housing markets, etc.). One study in Switzerland, Auer and Kunz (2021), found that access to ethnic networks with recent experience in childbirth improved the birth outcomes of the next generation of refugees with language barriers. The authors argue that networks likely helped refugees overcome language barriers in the medical system and reduced the stress associated with childbirth. Importantly, however, networks do not seem to fully compensate for language barriers. Aside from this singular study, little work has quantified the nonlabor market effects of networks on refugees. As previous refugees and immigrants can be critical assets to improve the integration of new ones in many aspects of their social lives, improving our understanding in this area could be very fruitful.

#### Evidence from low- and middle-income countries

Evidence on the effects of initial location is rich in the developed context, likely due to government policies that quasi-randomly assign refugees to different localities within resettlement countries, making this question amenable to causal analysis. In development settings – often – refugees themselves face a crucial question: whether to formally register with UNHCR in a refugee camp or establish themselves outside of camps, often in urban centers (Parekh, 2020). By moving to an urban center, refugees may relinquish access to formal international aid and become ineligible to apply for resettlement in the West (Betts et al., 2017). Despite this, 60% of refugees reside inside cities (UNHCR, 2020), and most do so informally without the host country's permission. While the causal work on the effects of refugees' location on their employment or livelihood outcomes in developing settings is limited, we give an overview of this topic below.

Historically, the urban refugee has been a complicated topic for the United Nations. Throughout the 1990s, urban refugees were generally considered a lower-priority group in

<sup>&</sup>lt;sup>11</sup>Interestingly, the authors find that networks and speaking the host country language serve as likely substitutes. Networks do not improve outcomes for mothers not experiencing a language barrier.

need of less assistance than those in camps. This was partly due to the perception that urban refugees were "irregular migrants" who had likely migrated to cities from countries of first asylums or settlements. The UN's first formal policy on urban refugees, outlined in a 1997 policy report, specifically stated that urban refugees should not receive aid if camps are available. While this report was highly criticized, it demonstrates the general perception of urban refugees at the time (Crisp, 2017). It also reflects the relatively small prominence of urban refugees at the time – in 2001, only 13% of global refugees resided in urban settings (Buscher, 2011).

Subsequent events, however, made urban refugees a more pressing topic. Many refugees fleeing Iraq post-2003 were highly educated and from urban backgrounds and did not plan to reside in camps. At the same time, refugees in protracted camps (for example, Dadaab and Kakuma in Kenya) were increasingly likely to migrate to urban centers (e.g. Nairobi in Kenya) regardless of government authorization (Crisp, 2017). The shift towards city living was also accompanied by a demographic shift away from young males towards women and children living in urban settings, which further garnered support for aid to urban refugees (UNHCR, 2010).

By 2014, the perception of urban refugees had largely shifted with the UNHCR's Policy on Alternatives to Camps. The new policy recognized refugee camps as an important logistic tool to identify those in need and to provide emergency relief, but also that they are a "compromise that limit the rights and freedoms of refugees and too often remain after the emergency phase of the essential reason for their existence have passed" (UNHCR, 2014). Instead, the guidelines advocated for policies and programs allowing refugees to integrate into host societies. This shift is also reflected in the 2009 urban refugee policy which established the UN's commitment to provide aid for urban refugees. However, critics argued it did not address the logistical complexities of offering aid for non-camp refugees, such as reaching them and connecting them to access services with local agencies and NGOs (Crisp, 2017).

Given this background – and especially noting the fact that refugees can choose to reside in camps or in cities – it is unsurprising that we have little causal research on the effects of location on refugees' well-being outcomes, though there are several recent papers focused on Syrian refugees in Jordan. <sup>12</sup> Using a difference-in-differences matching estimator, Obi (2021) broadly found that refugees fare better when living outside of camps: refugees in camps were 36% more likely to be living in extreme poverty, unable to meet basic material needs, and were 37% more likely to be living in overcrowded conditions. There is also evidence of different quality of life across different camps – for example, refugees residing in camps located closer to the city tended to do better than those residing in camps farther away. Ginn (2020), on the other hand, found more mixed

<sup>&</sup>lt;sup>12</sup>Jordan is a somewhat unique case study in that due to the 2016 Jordan Compact, refugees' formal employment opportunities are greater in this country than in other settings.

evidence. Exploiting variation in the use of camps for Syrian refugees across Jordan, Turkey, and Lebanon – but focusing mainly again on Syrian refugees in Jordan – the study found that residing in camps reduced household earnings by 67%. However, these earning differences did not offset the increased costs of living outside camp settings and possibly as a result, those living outside of camps were more likely to perceive themselves as poor. This may be explained by the fact that Syrian refugees in Jordan camps receive cash transfers as an additional source of income. Ginn (2020) also found evidence that children residing in camps are 20-22% more likely to be enrolled in school.

Descriptive work also argues that networks are important in the development context. Zetter and Ruaudel (2016) argued that ethnic networks – and religious affiliations – enable refugees to obtain first jobs, especially in the face of employment restrictions. Evidence from select case studies supports this broader finding. Betts et al. (2017) discussed in a section aptly named "Nationality Matters" how co-ethnic networks can be valuable for refugees' employment opportunities in Kampala (Uganda) – in particular, they argue that Somali refugees live in close quarters and fare better on the labor market (74% of working Somalis are employed by others, compared 5% of Congolese and 22% of Rwandan) in part due to a robust network of Somali-Ugandan companies offering employment to refugees. Similarly, Grabska (2006) argued that refugees from Sudan in Cairo, Egypt benefited from local Egyptian-Sudanese businesses.

#### 4 Policies to be further studied in future research

The existing literature shows that the effectiveness of integration programs can vary depending on refugee characteristics, including initial language, gender, and education levels. Similarly, descriptive evidence from the US suggests that refugees from certain origin countries are particularly vulnerable: About 60% of the refugees from Bhutan, Burma, Iraq, Liberia, and Somalia in the US as of 2009-2011 had income below 200% of the federal poverty line (Capps and Fix, 2015).

Given such heterogeneity in vulnerability, often driven by countries of origin, it might make much sense to 'target' or 'modulate' interventions and policies by origin country to improve the effectiveness of the intervention, especially for the most disadvantaged groups. But despite the diverse nature of forced migrants, the economics literature has largely ignored the potential heterogeneous effects of interventions by countries of origin (Becker and Ferrara, 2019).

Besides countries of origin, policies should consider many other characteristics to address individuals' needs. However, this ideal is challenging because it requires a significant effort in data collection, and prescribing distinct integration plans can be administratively complex. An ideal system would strike a balance between a customized and a more standard approach, and in designing it, carefully consider the characteristics of refugees being

served, the institutions involved, and the potential for technology to facilitate implementation burdens.

Some interesting initiatives have the potential to serve a diverse group of forced migrants while also limiting the amount of additional administrative burdens. We highlight those interesting areas as topics for future research and stress the need to rigorously evaluate their effectiveness and implications for economic success and equity.

# 4.1 The role of agencies and individuals: Government, nonprofits, and private sponsors

In both developed and developing contexts, government agencies and nonprofit organizations play crucial roles in helping refugees.

Within refugee camps, UNHCR or international organizations like the Red Cross are responsible for offering protection, food, shelter, access to education, and healthcare, as well as assistance with legal matters and documentation. Local governments may also be involved in the support of refugees.

In the case of resettlement in countries, it is typically government officials (mainly in the EU) or nonprofit organizations in conjunction with the government that assist with the logistics of resettlement, which include enrolling children in school, connecting refugees to language programs, applying for public benefits, connecting with health care services, acquiring housing and other essential services. These tasks could be very important for refugees' daily lives and adjustment. Yet little rigorous evidence exists to help us understand whether the identity of the actors helping them in those tasks (central or local government, nonprofit organization, private sponsors, etc.) impacts the integration outcomes. Further, there is little understanding of how the characteristics of those actors (such as experience, skills, local presence, or funding) may explain those possible differences in outcomes.

While the literature in this area is limited and not definitive, the evidence hints at the potential importance of financial and non-financial resources available to those who administer the integration program as a crucial factor affecting its effectiveness. Silveus, Winichakul and Ning (2023)'s ongoing work exploits quasi-random shocks to agency financial resources (in their study, the catholic dioceses) and find evidence that negative shocks to financial resources decrease the likelihood that refugees participate in welfare programs in the short run. Enrolling refugees in safety net programs is a key task for program administrators in the early stages of resettlement.

Beyond funding, however, we know little about how the different characteristics of professional organizations tasked with current refugee programs or how their administrators' specific choices impact the program's effectiveness in promoting short- and long-run integration.

#### **Private Sponsorships**

In an interesting recent policy development, several countries have diversified who is responsible for administering refugees' resettlement with a rise in the implementation of private sponsorship programs. In fact, the UNHCR's Global Compact of Refugees, endorsed by 181 states, promotes sponsorship programs in addition to traditional resettlement (UN, 2018a; UN, 2018b).<sup>13</sup>

Private sponsorship programs enable citizens and smaller less experienced, nonprofit organizations to assume pivotal roles in refugee resettlement. In essence, they allow for the outsourcing (in part or in full) of the financial and integration role of government agencies and large non-governmental organizations to groups of volunteer citizens and smaller organizations.

Proponents of sponsorship programs, including nonprofit refugee organizations and government officials, argue that they are in support of the government's best interests as they serve as an innovative solution to increase host states' capacity to resettle refugees and allow for quick responses to emergency crises (Global Refugee Sponsorship Initiative, 2019 and International Rescue Committee, 2023). The specifics of each program, however, can differ substantially.

First, there are varying degrees of the role of the private sponsors vis-a-vis the government. For example, Canada has programs where i) sponsors are fully responsible, ii) there is a split in cost-sharing between government and private sponsors (BVOR program), and iii) sponsors are only responsible for non-financial support (Canada's Joint Assistance Program). In Germany, a private sponsorship program launched in 2013 requires all costs—except for healthcare, to be covered by sponsors (Pohlmann and Schwiertz, 2020). In the United States, it was only recently that private sponsorship programs were launched where sponsors are the main financial supporters of refugees (the Sponsor Circle Programs to support Afghan and then Ukrainian refugees, and the Welcome Corps program to support Venezuelan and other refugees). However, US local refugee agencies also have a longer history of piloting small-scale co-sponsorship programs that rely both on professional refugee agencies and community support (Prantl, 2022).

Second, these programs differ with respect to who is served. The UNHCR defines community sponsorship programs as programs that allow citizens and community groups to resettle individuals identified by UNHCR as refugees, whereas individual sponsorship programs in some countries (like the US) select individuals in need of protection, often broadly defined. An interesting aspect of this 'naming' principle is that it provides an additional – potentially expedited – path for family reunification for resettled refugees. In practice, this naming distinction is not often used, except for select emergency and frequently temporary protection programs created in response to sudden large refugee

<sup>&</sup>lt;sup>13</sup>See Prantl (2022) a recent discussion of sponsorship programs in 6 countries.

crises (for example, programs in the US, Canada, and the UK designed to address crises in Ukraine and Syria). However, Canada has also implemented private sponsorship programs in other contexts (Prantl, 2022).

To date, there are no rigorous evaluations of the effect of sponsorship programs on the economic success of refugees, but descriptive work and non-academic reports suggest that sponsorship programs may be effective in improving labor market outcomes.

Comparative studies from Canada show that sponsorship refugees, on average, have higher rates of employment and earnings and obtain employment more quickly than refugees resettled by other means (Kaida, Hou and Stick, 2020 and Immigration, Refugees, and Citizenship Canada, 2017). These studies also show that there are distinct characteristic differences between refugees who are privately sponsored and those supported by the government. For example, privately sponsored refugees are more likely to have higher levels of education. This makes is hard to isolate the effect of the private sponsorship from the selection of refugees into each program. As a result, identifying the causal effect of private sponsorship programs on refugees' assimilation outcomes (relative to government-administered support) is significantly challenging.

Despite that, there are some important insights we can draw from existing literature that is relevant to private sponsorship programs. The newly created Welcome Corps program in the US, for example, exhibits features that seem promising, based on pieces of evidence emerging from the existing research:

- If local sentiment about refugees is important for their integration outcomes, the self-selection of private sponsors in locations with more of an open attitude can help refugees' integration. However, existing evidence on the impact of local attitudes on economic assimilation of immigrants is mixed, finding that negative attitudes towards refugees both improves (Müller, Pannatier and Viarengo, 2023; Jaschke, Sardoschau and Tabellini, 2022) and hurts (Aksoy, Poutvaara and Schikora, 2023; Jaschke, Sardoschau and Tabellini, 2022) integration outcomes. At the same time, descriptive reports lend promise to the idea that sponsorship can improve local sentiment (Reyes and Phillimore, 2020).
- Scaling private sponsorship programs can expand the number of initial placement locations for refugees, allowing for better geographic matches and dispersion of refugees. Current settlement placements are often tied to locations with robust government or nonprofit support, but several more locations would be able to provide initial services. Intuitively, because there is likely a positive correlation between the supply of private sponsors and good economic conditions, these strong labor market conditions can benefit refugees' integration. Additionally, there is evidence that large networks of newly arrived migrants might increase labor market competition and negatively affect labor outcomes (Beaman, 2012). Increasing the number of

locations a refugee can resettle decreases this competition, improving the likelihood of employment.

- Sponsoring families/small nonprofit organizations are likely positively selected in terms of their commitment to integration and their ability and willingness to assist refugees. This positive selection may be quite valuable for refugees.
- There is evidence that ethnic-enclave networks (often viewed as a proxy for one's local support system), especially if mainly connected to low-paying jobs, can negatively affect integration outcomes. This is because networks can increase individuals' immediate employment prospects in low-wage jobs at the expense of investing in skills that can increase longer-run integration prospects (such as education, language learning, and building networks with locals) (see section 3 for a deeper discussion). Sponsorship may offset the adverse effects of networks in two ways. First, sponsors are often locals and can uniquely facilitate network building outside ethnic enclaves. Secondly, even if sponsors are also immigrants, they are likely positively selected (as discussed above). Evidence from the ethnic network space shows that, on average, networks adversely affect outcomes but that high-quality networks (networks with strong labor market outcomes) improve integration outcomes.

There are also concerns about a private sponsorship program. However, each concern can likely be addressed with proper program design. Below, we discuss several areas of these concerns:

- Government may over-rely on sponsors and provide insufficient oversight. In turn, sponsors may be incompetent and/or exhibit exploitative behavior. Drawing on interview case studies of sponsorship groups in Seattle, Prantl (2022) concluded that sponsors can be effective, but that there need to be more formal systems in place to keep sponsors accountable. Various news articles highlight the potentially exploitative nature of sponsors without sufficient oversight ( de Freytas-Tamura, 2023; Specia, 2022; Taylor, 2022).
- Sponsorship programs may partially or entirely crowd out existing refugee resettlement programs (by government and non-governmental agencies). In the presence of crowding-out, sponsorship programs might reduce the "net impact" on those who are helped. In addition, the selection of certain types of refugees that would be eligible for private sponsorship versus government-administered support is likely to give an advantage to refugees with connections to possible sponsors. This may disadvantage very vulnerable refugees who have none of those connections or exhibit worse integration prospects and, as such, might never be selected by private sponsors. In fact, there is some evidence that sponsored refugees are more highly

educated than those resettled by the government (Kaida, Hou and Stick, 2020). Thus, even if effective, private sponsorship programs might be more selective or exclusionary and should operate alongside more inclusive government programs.

#### Refugee-led organizations

The existence of civil society organizations led by refugees and forcibly displaced immigrants, known as refugee-led organizations (RLOs), could help solve coordination failures arising between refugees' needs and interventions. They may provide a more structured and relevant form of support and initial help relative to the general co-ethnic network.

For instance, in the presence of private sponsorship programs, RLOs could play a pivotal role in linking refugees without networks to possible private sponsors, especially if government programs are inaccessible.

RLOs could also play an important role in promoting integration. They could be more effective in reducing information asymmetries related to regulations or processes relevant to job search (e.g., processing paperwork, including work permits and credential validations). They can also be important in creating social capital through networks or in helping other organizations that assist refugees better design, adjust and customize their interventions. Evidence on this, or even the presence of RLOs, is quite limited. Similarly, RLOs' existence and effectiveness likely depend on the resources available to them, but a recent report claims they are severely underfunded (Sturridge et al. 2023).

Overall, the presence and effectiveness of RLOs in integration matters is an interesting topic for further research, on which we know very little.

#### Personnel implementing policy / "Quality" of agent implementing the policy

The quality of administrators and their impact on outcomes is important in many policy spaces – for example, this question motivates a large literature on teacher quality and a small but growing literature on physician quality (see for example Chetty, Friedman and Rockoff, 2014 and Ginja et al., 2022, respectively). Potentially more relevant to the refugee space, however, are administrators tasked more broadly with assisting individuals in navigating life challenges – such individuals are common in education, anti-poverty, and some refugee programs with titles such as "guidance counselors', "case managers", or "life coaches." These approaches are lauded in the anti-poverty space precisely because poverty – like forced migration – is a complicated state.

<sup>&</sup>lt;sup>14</sup>Kanyamanza and Arnold-Fernandez (2022) document an interesting anecdotal example: "[B]etween 2000 and 2005, the World Food Programme (WFP) distributed maize to the 50,000 refugees living in Kyangwali Settlement, where I also used to live. Refugees in Kyangwali, however, were already growing maize, aiming to sell it so they could support their families. When WFP flooded the market with free maize, prices plunged and thousands of kilos of maize grown by refugees were left to rot. This could have been avoided if refugees had been represented on those decision-making bodies that determined refugees' needs and planned how to respond.

Existing literature from non-refugee spaces suggests that intensive case-manager-like roles can potentially improve outcomes. For example, in the education setting, community college programs with significant advising components increased graduation rates, similarly high school guidance counselors have been shown to be as important as teachers for students' gradation and future educational attainment (Weiss et al., 2019; Mulhern, 2023). There is evidence that counselors can assist low-income individual make better housing decisions (Bergman et al., 2019). In poverty spaces, a holistic counselor approach can assist individuals depending on their needs. For example, using an RCT design in Texas, Evans et al. (2023) found that those who lacked stable housing at baseline were 67% more likely to be in stable housing two years post-intervention; those who entered the program with stable housing saw stronger employment gains.

However, effectiveness may vary by administrator type. For example, Phillips and Sullivan (2022) found no effect, on average, of a housing intervention that experimentally provided case management to a group of chronically homeless individuals receiving financial assistance. This null effect is driven by two opposing forces: effective caseworkers who positively affect client outcomes and ineffective caseworkers who delay the timeline for when clients receive financial assistance.

Applying this knowledge to the refugee space, two natural questions emerge. First, are case management-like interventions effective in improving refugee integration outcomes on average? And secondly, is there heterogeneity in quality based on administrator characteristics?

While case managers are common in the refugee space, we know of only one study that explicitly considers the role of holistic case management. Shaw and Poulin (2015) track outcomes of participants engaged in an extended case management program administered by the International Rescue Committee in Salt Lake City. The study shows that participants' employment and well-being outcomes improve over two years. However, the study is not causal and does not compare the outcome evolution of participants to a counterfactual without case management. There is, however, some causal evidence that employment-specific case management can be effective in the refugee setting (Månsson and Delander, 2017, Joona and Nekby, 2012, Andersson Joona, Lanninger and Sundström, 2016). But the potential for holistic case management could be great: for example, Shaw and Poulin (2015) found that 20% of refugees reported issues outside of employment and language barriers – legal, financial, health, and cultural barriers – as the main impediment to integration.

In this context, the administrators' approach could matter significantly as the complex bureaucracy of refugee programs often places crucial decisions at the discretion of individual caseworkers (Fee, 2019). This is consistent with the previously discussed literature on anti-poverty programs emphasizing the importance of program staff in the success of those programs.

The effectiveness of the "caseworker" is also relevant to our discussion of private sponsors. We know little about what characteristics of the sponsor, if any, are most effective for refugee integration (e.g., experience, occupation, ethnicity/origin). This is crucial for policy because, as of now, there are essentially no evidence-based guidelines on how private sponsors are recruited or vetted, and this could naturally impact refugees' integration outcomes. Additionally, appropriately matching refugees and local support (in terms of their proximity in culture and characteristics) may affect outcomes.

# 4.2 Initial matching, enhanced by data, algorithms and AI technologies

As discussed in Section 3.5, research has established a positive correlation between several characteristics of the initial settlement location (such as employment rate and low crime rates) and refugees' long-term integration outcomes.

Several studies explain the rationale and mechanisms for resettling refugees across countries, proposing ways to improve the initial matching between their and the receiving country's characteristics (e.g., Moraga and Rapoport, 2014 and Jones and Teytelboym, 2017). However a major hurdle to implementing these policies is whether sufficient international coordination to make them feasible. Coordination across countries in the admission of refugees is hard, even among countries in free trade and mobility areas such as the European Union.

Perhaps because of this, there is a burgeoning literature considering how to best match refugees to localities within a given country, which is likely more practical and feasible for policymakers. Teams of researchers have constructed algorithms to suggest placement locations for refugees, which could be really beneficial for within-country resettlement without the need to address cross-country restrictions.

These algorithms use data on current refugees in need of placement, past refugee integration experiences, and local capacity for resettlement to identify placements that yield the best-predicted labor market integration outcomes (Delacrétaz, Kominers and Teytelboym, 2016; Ahani et al., 2021; Delacrétaz, Kominers and Teytelboym, 2023 and Bansak et al., 2018).

One attractive feature of such algorithms is that, in many cases, they replace a time-consuming and somewhat ad-hoc matching process. For example, refugees in the US are often resettled according to refugee agencies' capacities, while in Switzerland, they are resettled randomly and proportionally across regions (Bansak et al., 2018). Given the previous discussion of the potential importance of administrators' capacity in influencing refugees' integration outcomes, this time-saving feature may be in and of itself quite valuable.

A second potentially valuable feature is that these algorithms can engage meaningfully

with other existing policy interventions to maximize individuals' integration experiences. For instance, matching linguistically distant refugees to areas with large capacities for language training, or ensuring refugees with specific labor market skills are matched to areas with labor-market programs to prompt those skills could be useful both to the refugees and to the local community.

Existing evidence suggests that these algorithms can effectively improve refugees' labor market outcomes and can even be designed flexibly to accommodate implementing agencies' characteristics.

For example, using administrative data from the US and Switzerland, Bansak et al. (2018) propose a matching algorithm that in theory would have improved labor market outcomes such as employment and earnings by 40% and 70%, respectively. While the research team is limited to considering short-run effects in the US (employment data is only available for 90 days post-arrival), their modeling shows that the use of their algorithm for placement would have increased employment by 73% by the third year in Switzerland. While promising, this algorithm has yet to be implemented.

In comparison, a second model, called AnnieMOORE was both theoretically introduced and has been subsequently deployed by the Hebrew Immigrant Aid Society (HIAS) in the US starting in 2018 (Delacrétaz, Kominers and Teytelboym, 2016; Ahani et al., 2021 and Delacrétaz, Kominers and Teytelboym, 2023). The program is particularly attractive due to several degrees of flexibility built into its design. For example, the system allows users to override certain features of the matching system to ensure individuals with unique circumstances (such as a medical condition) are matched to appropriate locations. Initial back-testing indicates that AnnieMOORE can improve short-run employment outcomes by 22%–38%.

Future research may consider which additional data points can be incorporated into algorithms to improve outcomes and whether the algorithms can efficiently scale to other contexts. For example, recent work proposed that refugees' preferences and locality preferences can be incorporated into the AnnieMOORE program to increase its efficiency. Early deployments of this new model –known as RUTH– have been used to match Ukrainian refugees with local sponsors in the US (Delacrétaz, Kominers and Teytelboym, 2023 and Zumhagen, 2022). To date, no academic work has considered whether matches of refugees to sponsors can outperform matches of refugees to standard refugee agencies.

Another area of research might consider whether algorithms that match based on short-run employment outcomes differ from those based on longer-run outcomes (Bansak et al., 2018). Similarly, one might also want to consider algorithms that match based on children's integration prospects for permanently resettling families. While these three objectives do not need to be mutually exclusive, depending on the age, skills and family structure of refugees, these criteria may be more or less relevant. While these outcome metrics can be chosen by policymakers (or resettlement agencies), additional research is

needed to compare the welfare implications of choosing each objective, as well as the differentiation in outcomes due to refugee heterogeneity.

Making progress in any of these proposed areas requires significant investment in data-collecting and linking during the displacement, resettlement and integration processes, which is currently only available in very few advanced economies (and yet with important limitations). For example, US resettlement agencies only collect data on employment up to 90 days after arrival. This significantly limits algorithms' ability to optimize placements based on outcomes in the long term. Similarly, incorporating information on refugee's preferences requires a concentrated effort to attain these preferences.

#### 5 Concluding Remarks

In reviewing the socioeconomic integration policies aimed at refugees, this paper has examined a variety of interventions ranging from legal status adjustments and language training to active labor market policies, cash transfers, and strategies for initial placement and community engagement. A few important points emerge.

First, the analysis highlights that legal status and access to the labor markets are foundational to the successful integration of refugees. Policies that ensure early work rights and legal recognition not only facilitate immediate economic participation but also set the stage for long-term social cohesion. However, these policies are dependent on political will and potentially public support to strengthen their implementation.

Second, language training stands out as another effective intervention in both enhancing employment opportunities and fostering social integration. On the other hand, active labor market policies (ALMPs) have more nuanced and context-specific results. While certain programs, such as job search assistance and vocational training, show promise, their effectiveness may vary widely across refugee populations. In general, these policies tend to be more effective the more targeted they are to the specific needs of refugees. However, recent evidence on non-traditional ALMPs that either complement refugees' language needs or incorporate employer needs may have more consistently positive results.

Cash transfers, a direct method of support, are effective in the short term in improving the well-being of refugees across contexts. There is little evidence to suggest that cash transfers hurt earning opportunities (in the short-run in the developing context and over the long-run in developed settings). Whether positive effects persists beyond the short-run varies across developed and developing contexts and likely depends on whether cash is needed for subsistence or can be used for savings or investment decisions.

Finally, the discussion of initial placement strategies and the role of community networks underscores the importance of leveraging existing social structures for cost-effective integration. Policies that facilitate positive initial matches between refugees and host communities and that involve positive local actors in the integration process can help economic and social integration directly as well as amplify the benefits of other interventions.

Let us emphasize a final caveat: while certain policies may produce substantial marginal effects on refugee integration outcomes, their overall impact depend crucially on their scalability and cost-effectiveness. Therefore, interventions that may be less potent in isolation, but are simple and inexpensive to scale, and complement other interventions may be very cost-effective overall.

For instance, the scalability of ALMPs, despite being highly effective on average, can be challenging due to the need for tailored approaches and the involvement of various stakeholders, including employers. However, language training can be highly scalable and potentially more so with technology and online platforms. Furthermore, language training can increase the returns to other interventions such as ALMPs. The scalability of cash transfers is context-dependent, as it relies on preexisting social welfare infrastructure that can disburse funds effectively to the right recipients. This often requires access to banking, which is not a given for refugees, especially if they have an irregular migratory status.

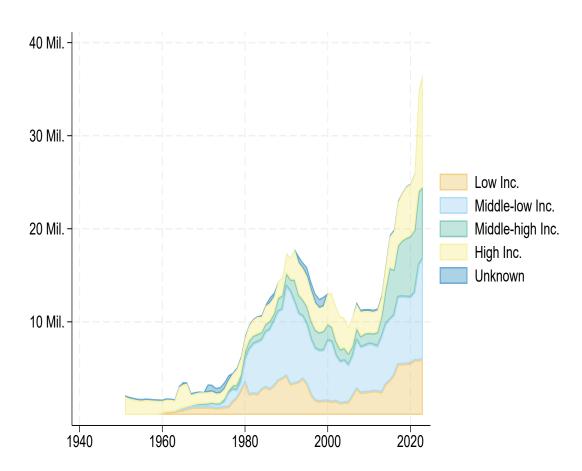
While our current literature is small, we discussed several exciting new policy avenues that we believe have the potential to make the returns to initial-placement policies and networks scalable – namely, the effective use of private sponsors, RLOs, administrators and matching technologies. We look forward to future work in these areas.

By focusing on evidence-based interventions that offer the best balance between immediate needs, scalability, and long-term impact, policymakers can ensure that the benefits of integration policies are felt broadly and permanently. As the global refugee situation evolves, so too must our strategies for integration, with an eye toward innovative and scalable solutions that maximize both the welfare of refugees and are sustainable for the communities that welcome them.

<sup>&</sup>lt;sup>15</sup>To date, we are only aware of rigorous evaluations of in-person language training programs. The potential for technology platforms to increase accessibility to language training while decreasing costs is an interesting avenue for future work.

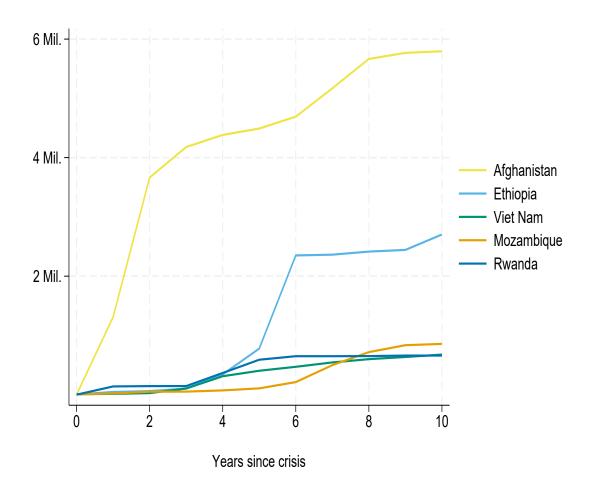
## 6 Figures and Tables

Figure 1: Distribution of Refugees by Income of Receiving Country



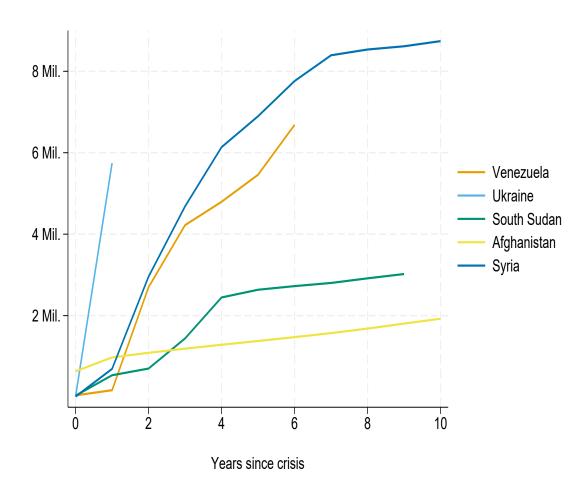
Notes: This graph depicts the number of refugees and asylum seekers over time, decomposed by the income status of the receiving country. Annual counts on refugees and asylum seekers through end of 2022 is from UNHCR population statistics. Receiving country income is defined according to the World Bank Analytical Classifications in the 2024 Fiscal Year, which corresponds to 2022 income data. Low-, lower-middle-, upper-middle, and high- income countries are associated with GNI per capita of <=1.135, 1.136-4.465, 4.466-13.845, and >13.845, respectively.

**Figure 2:** Cumulative number of refugees since start of crisis among top 5 origin countries in 1980s



Notes: This graph depicts the cumulative flow of individuals in need of protection from the start of the refugee crisis in each respective country of origin (in relative time). Those in need of protection include refugees, asylum seekers, those of refugee-like situations, and other in need of protection. Flow data on those in need of protection come from UNHCR and is current through 2022. We consider the start date (time 0) of each refugee crisis as follows: Rwanda, 1979; Mozambique, 1981; Viet Nam, 1975; Ethiopia, 1974; Afghanistan, 1979.

**Figure 3:** Cumulative number of refugees since start of crisis among top 5 origin countries in 2020s



Notes: This graph depicts the cumulative flow of individuals in need of protection from the start of the refugee crisis in each respective country of origin (in relative time). Those in need of protection include refugees, asylum seekers, those of refugee-like situations, and other in need of protection. Flow data on those in need of protection come from UNHCR and is current through 2022. We consider the start date (time 0) of each refugee crisis as follows: Venezuela, 2016; Ukraine, 2021; South Sudan, 2013; Afghanistan, 2000; Syria, 2011

**Table 1:** Top 10 Refugee Origin Countries, by Decade

Rank	1960s	1970s	1980s	1990s	2000s	2010s	2020s
1	Angola	Ethiopia	Afghanistan	Rwanda	Afghanistan	Syrian Arab Rep.	Ukraine
2	Sudan	Viet Nam	Ethiopia	Serbia and Kosovo	Dem. Rep. of the Congo	Venezuela	Venezuela
3	Congo, Republic of	Dem. Rep. of the Congo	Mozambique	Iraq	Somalia	South Sudan	Afghanistan
4	Rwanda	Angola	Rwanda	Liberia	Iraq	Afghanistan	Syrian Arab Rep.
5	Guinea-Bissau	Zimbabwe	Viet Nam	Somalia	Sudan	Myanmar	South Sudan
6	Mozambique	Lao People's Dem. Rep.	Uganda	Myanmar	Zimbabwe	Somalia	Nicaragua
7	Ethiopia	Myanmar	Sudan	Sierra Leone	Eritrea	Dem. Rep. of the Congo	Cuba
8	Guinea	Cambodia	Angola	Burundi	China	Iraq	Honduras
9	Zambia	Burundi	Chad	Bosnia and Herzegovina	Liberia	Eritrea	Dem. Rep. of the Congo
10	China	Nicaragua	Türkiye	Afghanistan	Serbia and Kosovo	Pakistan	Nigeria

Notes: This table lists the top 10 refugee-producing origin countries according to the cumulative flow of those in need of protection within each decade. Those in need of protection include refugees, asylum seekers, those of refugee-like situations, and other in need of protection. Flow data on those in need of protection come from UNHCR and is current through 2022.

 Table 2: Description and Relevant Findings from Refugee Policy Intervention Papers

Authors and Year	Location	Description of Intervention	Relevant Findings for Review
Panel A: Legal Status and Access to Markets			
Marbach, Hainmueller and Hangartner (2018)	Germany	Reduced employment ban duration by 7.1	+20 p.p. $(69%)$ in employment 5 yrs after arrival;
		months $(37\%)$ for a sylum seekers	effects fade by year 10
Fasani, Frattini and Minale (2021)	Europe	Varied employment bans across Europe	-15% in employment 10 yrs post-arrival
Couttenier et al. (2019)	Switzerland	Early labor market access for refugees	67% reduction in crime induced by conflict exposure
Kilström, Larsen and Olme (2023)	Denmark	Temporary vs. permanent residency permits	No difference in earnings or employment outcomes up
			to 12 yrs post-asylum
Arendt, Dustmann and Ku (2023)	Denmark	Permanent residency conditional on language	-30% in employment during yrs 3-7; no change in lan-
		proficiency and employment requirements	guage acquisition on average
Bahar, Ibáñez and Rozo (2021)	Colombia	Legalization program for Venezuelan refugees	+4 p.p. in formal employment
Ibáñez et al. (2023)	Colombia	Legalization program for Venezuelan refugees	+10 p.p. in formalized employment, $+26$ p.p. in self-
			reported employment, $+48\%$ consumption
Bahar, Cowgill and Guzman (2022)	Colombia	Legalization program for Venezuelan refugees	+1.2-1.8 p.p. likelihood of registering a new company
Amuedo-Dorantes et al. (2023)	Colombia	Legalization program for Venezuelan refugees	-3.9 p.p., -7 p.p. and -1.8 p.p. less likely to have
			children under 1, aged 1, and 2 yrs old.
Urbina et al. (2023)	Colombia	Legalization program for Venezuelan refugees	Improved access to health care (e.g., $+$ 10 p.p. more
			likely to receive medical assistance when ill).
Ibáñez, Rozo and Bahar (2021)	Colombia	Legalization program for Venezuelan refugees	1% increase in regularized migrants $+0.02%$ in sexual
			crime reports and -0.03% in domestic violence.
Panel B: Language Training			
Foged et al. (2022)	Denmark	31% increase in language training hours	+ 4 p.p. employment + USD 2,500 persisting 18 yrs
			post-arrival
Foged, Hasager and Peri (2022)	Denmark	31% increase in language training hours	Language-learning effects are large for women relative
			to ALMPs.
Foged and Van der Werf (2023)	Denmark	Commuting distance to language classes. Re-	+8-9% in language learning, +11-13% in human cap-
		sults reflect a 100-hour increase in training.	ital investment,-70% exit rates
Foged et al. (2023)	Denmark	31% increase in parent language training hours	Children are 6.2 p.p. more likely to complete lower
			secondary school and 5.1 p.p. less likely to be con-
			victed to violence crime.

	Schmid (2023)	Switzerland	Quasi-random placement to canton with lan-	Residing in language-matched canton $+10.5$ p.p. $(167\%)$ in employment in yrs 0-5.			
	Auer (2018)	Switzerland	guage match  Quasi-random placement to canton with language match, compare to other language types	2 yrs post-arrival, residing in a mother-tongue language-matched canton increased employment by +20%; language-training and non-mother-tongue match increase employment by 14%.			
	Auer and Kunz (2021)	Switzerland	Quasi-random placement to canton with language match	Increase birth weight by 72 grams $(2.2\%)$			
	Lochmann, Rapoport and Speciale (2019)	France	Offered language training if below proficiency cutoff	+18-33% LFP, no effects on employment			
	Panel C: Active Labor Market Policies						
	Clausen et al. (2009)	Denmark	Wage subsidy and job-search intervention	Wage-subsidy decreases length to employment by 14-24 weeks; no effects for job-search interventions			
	Battisti, Giesing and Laurentsueva (2019)	Germany	Job search counseling and sending of CVs to employers	+ 7-12p.p. employment, in 12 months (imprecise)			
41	Joona and Nekby (2012)	Sweden	Intensive employment case management, customized ALMP plans	$+3.2~\mathrm{p.p.}~1~\mathrm{yrs}$ post; $+5.8~\mathrm{p.p.}$ employment 3 yrs post			
	Arendt, Dustmann and Ku (2022)	Denmark	Work-first intervention	+10 p.p. in employment; little effect on hours			
	Arendt and Bolvig (2023)	Denmark	Work-first intervention	Significant crowd-out of language learning programs and skills			
	Dahlberg et al. (2020)	Sweden	On-the-job training, language, firm coordination	+15 p.p. employment throughout yr 2			
	Sarvimäki and Hämäläinen (2016)	Finland	Customized ALMP plans	+43% cumulative earnings over 10-yrs			
	Heinesen, Husted and Rosholm (2013)	Denmark	Wage subsidy and job-search intervention	Wage-subsidy decreases length to employment by 10- $15$ months			
	Foged, Kreuder and Peri (2022)	Denmark	Firm coordination	Increased employment by $50\%$ 2 yrs post arrival			
	Caria et al. (2023)	Jordan	Job search information and motivation nudge	+11% and $+9%$ job search, $+52%$ and $+38%$ employment by month 2. No effects persist by month 4.			
	MacPherson and Sterck (2021)	Kenya	Intervention to promote mobile money and agriculture	+10% log consumption; no employment effects			

	Loiacono and Silva-Vargas (2022)	Uganda	Matching refugees to employers	Positive (negative) sentiments about integration among refugees and employers change willingness to hire refugee in future by $+17\%$ (-28%)			
	Panel D: Cash Transfers						
	Rosholm and Vejlin (2010)	Denmark	Introduction of cuts to welfare benefits	Increases entry rate to employment and increases non- labor force participation in short-run.			
	Dustmann, Landersø and Andersen (2023)	Denmark	Introduction of cuts to welfare benefits	+9.5 p.p. employment, +\$1,100 - \$1,600 earnings, - \$10,000 transfer income in yr 1; Employment effects muted in medium-to-long run; +2.3 p.p. increase in crime.			
	Jakobsen, Kaarsen and Vasiljeva (2016)	Denmark	Introduction of cuts to welfare benefits	No effect on education or work outcomes of children.			
	Huynh, Schultz-Nielsen and Tranæs (2007)	Denmark	Introduction of cuts to welfare benefits	+3.4-6.2 p.p. employments 16 months post-arrival			
	LoPalo (2019)	US	Variation in welfare generosity (TANF) by re-	\$100 increase in monthly welfare increases earnings by			
			settlement state	+5-8% 5 yrs post-arrival.			
42	Black et al. (2022)	Germany	Cash welfare availability to political refugees post WWII	male youth +13.4 p.p. more likely to have high-level qualification; +18 p.p. more likely to have high-status job; +13% income 18 yrs after arrival			
	Caria et al. (2023)	Jordan	Cash welfare for Syrian refugees	+73% employment and $+67%$ earnings four months post-intervention			
	Moussa et al. (2022)	Lebanon	Cash welfare program for Syrian refugees, effects on children	+7-8.8 p.p. school enrollment; -8-10p.p. risk of acute illness for children under 5; -3.3-3.7 p.p. child labor			
	Salti et al. (2022)	Lebanon	Cash welfare program for Syrian refugees	increased total and food expenditures; +6 p.p. more likely to live in residential housing; +11.3 p.p. enrollment in formal education; -6.9 p.p. labor force participation			
	Özler et al. (2021)	Turkey	Cash welfare program for Syrian refugees	-18-24% debt and increase food consumption			
	Altındağ and O'Connell (2023)	Lebanon	Cash welfare program for Syrian refugees	+23% expenditures that reduce to null 6 months post-intervention			
	Panel E: Networks and Initial Placements						
	Aksoy, Poutvaara and Schikora (2023)	Germany	Quasi-random local placement	1-SD increase in initial location unemployment rate reduces employment by 5 p.p.			

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	Åslund and Rooth (2007)	Sweden	Resettlement during recessions and quasi- random local placement	Doubling of local unemployment rate, reduces employment by -4.9-10.9% and earnings by -10-23% in year $10$
	Godøy (2017)	Norway	Quasi-random placement to strong labor markets for non-western immigrants	+18% employment rate if all refugees were relocated to strongest non-western labor markets
	Azlor, Damm and Schultz-Nielsen (2020)	Denmark	Quasi-random local placement	+1 p.p. local unemployment rate, reduced employment -0.5-0.6 p.p. 2-4 yrs post arrival
	Eckert, Hejlesen and Walsh (2022)	Denmark	Quasi-random placement to cities	Faster wage growth in cities
	Braun and Dwenger (2020)	Germany	Expellee location choice, driven by accessibil-	1-SD increase in local agrarian employment share, -
			ity when fleeing war	7.7% expellee LFP. 1-SD increase in share of expellees, -5% LFP, -4.3% inter-marriage; +15% support for anti-expellee parties.
	Damm and Rosholm (2010)	Denmark	Quasi-random local placement	Size of co-national network does not change job entry rate
	Edin, Fredriksson and Åslund (2003)	Sweden	Quasi-random local placement	1-SD increase in network size, $+13\%$ earnings among low-skilled refugees
43	Damm and Dustmann (2014)	Denmark	Quasi-random local placement	1-SD increase in share of criminal-involved youth, increases criminal convictions by $5\text{-}9\%$ for males
	Bratsberg et al. (2021)	Norway	Quasi-random placement to high voter turnout areas	+1 SD in local turnout, $+3$ p.p. increase in refugee voter turnout
	Damm (2009)	Denmark	Quasi-random local placement	+ 1-SD in ethnic enclave size, $+18%$ annual earnings
	Edin, Fredriksson and Åslund (2004)	Sweden	Introduction of dispersal policy & decreased use of labor market policies	-25-29% in earnings and +9-11% on welfare 8 yrs-post.
	Martén, Hainmueller and Hangartner (2019)	Switzerland	Quasi-random local placement	+10% size of co-national network, increases employment by $2%$ by yr $3$
	Beaman (2012)	US	Quasi-random local placement	1-SD increase in low-tenure (high-tenure) network size, -4.8% (+4.6%) employment rate
	Battisti, Peri and Romiti (2022)	Germany	Initial location and quasi-random local placement	1 SD increase in network size, $+12.4$ p.p. in employment -4 p.p. in human capital investment in yrs 0-3; employment effects fade by yr 7

Foged, Hasager and Peri (2022)	Denmark	Quasi-random local placement	Co-ethnic networks have no effect on long-run earnings $$
			or employment; 1 SD increase in non-western employ-
			ment rate, $+1.1$ - $1.8$ p.p in employment in medium- to
			long-run.
Ginn (2020)	Jordan	Settlement in camp versus non-camp	living in camps was associated with -67% earnings, but
			$\operatorname{did}$ not compensate for housing costs outside of camps.
			Children $+20\text{-}22\%$ more likely enrolled in school.
Obi (2021)	Jordan	Settlement in camp versus non-camp	living in camps was associated with $+36\%$ in extreme
			poverty, $+$ 37% overcrowded conditions

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