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What Difference Does It Make To Be A Refugee?: Evidence from Field Experiments and Qualitative Inquiry

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Introduction

Each morning Angel¹ wakes up, walks to the village well, feeds maize to her three chickens and heats porridge for her family's breakfast. Less than 2 kilometres down a dirt path, Prosper is also busy tending to her household. Her newborn son is kept busy by her eldest daughter, while Prosper spoons sugar into a large pot of corn meal balanced atop charcoal embers. She stirs the pot as her two sons come in from feeding their herd of cattle. Both families sit in a circle with their breakfasts as the sun rises higher in the sky signalling the start of another day.

During the course of the day both women will engage in similar activities: feeding their families, planting crops and tending to animals. To an outsider, both women would appear similar. Upon closer examination, an observer might find subtle differences. For instance, Prosper's crops occupy a plot of land almost double the size of Angel's. Angel's plot is filled with maize, beans and sorghum, the staple crops everyone grows in her village. Prosper's plot, on the other hand, has almost an acre dedicated to diverse banana, manioc and papaya trees. After stepping inside Prosper's home, the observer might find stacks of dried beans waiting to go to market, while in Angel's house there are none.

What do these seemingly small differences indicate, if they indicate anything at all? An outside observer might find that both women appear poor, maybe even impoverished. Is it possible, however, that differences in the lives of the materially poor, hint at something much larger? If the observer speaks with the two women, one not-so-subtle difference will emerge: Angel was displaced by conflict in the Eastern DRC six years ago. This study explores the socio-economic consequences of refugee status in Uganda.² It does not directly engage with the material disadvantages that come with being a refugee, but instead looks at refugee status as an institution that structures different socio-economic behaviours. The institution is defined by international conventions and domestic laws³ that are implemented at the local level (North, 1986).

A Call for Data: A Tool to Conceptualize the Subtle Differences

At this point, there is no data driven research that investigates the significance of refugee status. A fair amount of research has been done on the economic lives of refugees, but it remains almost entirely descriptive. Karen Jacobsen (2005), for example, explored the economic lives of refugees, looking into the economic strategies they innovate to enhance their livelihoods. Eric Werker (2007) documented the market imperfections in refugee settings and investigated how refugees navigated the sub-optimal conditions. What these and other studies do

¹ Angel and Prosper represent a number of participants encountered over the course of the study. They were not real people.

² In this study, we do not consider persons displaced by natural disasters.

³ See Appendix II, The 2006 Refugee Act, Uganda

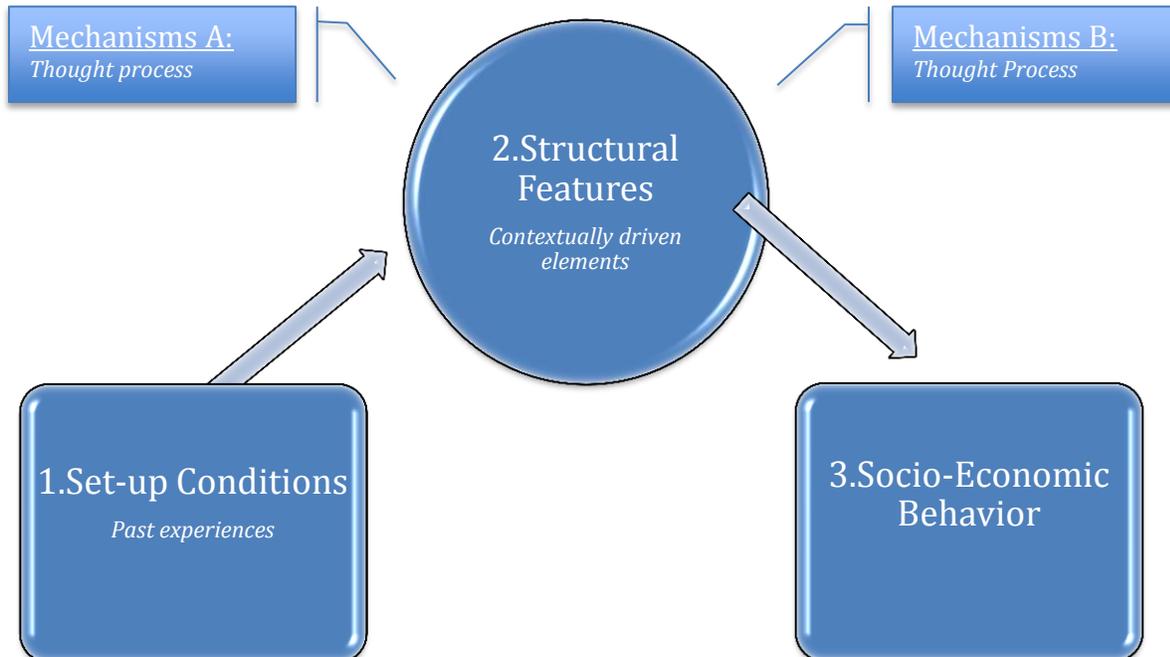
is to develop descriptive narratives of the economic activities pursued by refugees. They are not grounded in empirical evidence, nor are they driven by theory. The lack of data-driven research⁴ in this area is not due to a lack of methodological tools. The burgeoning field of experimental economics supplies a plethora of tools that have yet to be applied. This study fills the gap between descriptive studies and data-driven research by using field experiments and qualitative inquiry⁵ to collect evidence of different socio-economic behaviours between refugees and their host communities.

The theoretical framework adopted here is a simplified version of the mechanisms-based approach proposed by Peter Hedstrom and Richard Swedberg (1998). Mechanisms explain how individuals interpret elements of their environment and how they choose to interact with them. It incorporates the influence that past experiences have over individuals' interpretations of new information in the present (Machamer, Darden, & Craver, 2000). At the macro-level, formal institutions, laws and policies structure the rules of the game, known as institutional arrangements. The institution of refugee status is an institutional arrangement that is formally structured by the Convention Relating to the Status of Refugees (1951 Convention) and accompanying Protocol (1967 Protocol), as well as Uganda's 2006 Refugee Act. At the micro-level, individuals interpret what these formal institutions mean. For example, in Uganda, refugee settlements are placed in remote areas that require inhabitants to overcome additional time, resource and informational constraints. Here, refugees select sets of actions that produce desired outcomes given the constraints the institution presents. Economic decisions are an example of the actions individuals select given a set of institutional arrangements.

⁴ Here, a data-driven approach analyses new information in light of quantitative evidence.

⁵ Qualitative inquiry took the form of semi-structured interviews. See Section 3. Chapter 4

Figure 1. Mechanisms-based Approach to Analysing Economic Behaviour



This approach seems to suggest that simply providing refugees with aid may not be sufficient to put them on par with the host communities. Ugandan refugee policies diminish aid over time to encourage self-reliance, but do not necessarily enable choices and opportunities that are productive when aid is reduced (2009 Refugee Act). Addressing the policies that seem to constrain productive livelihoods appears to be an important element that is missing in the self-reliance framework.

What Is Missing? How the Data Fills Gaps in the Literature

The main research question in this paper is purposefully broad: what difference does refugee status make? This broad but critical question of significance has been the subject of descriptive studies that focus on the legal, social and economic implications of the status (Goodwin-Gill & McAdam, 1996; Hathaway, 1984; Jacobsen, 2005; Werker, 2007). These studies have been helpful in guiding a gradual process of understanding. The body of descriptive literature supports a conceptual understanding of the significance of refugee status, but has yet to be led by a data-driven approach.

This framework starts with the assumption that refugees are not inherently different from non-refugees. That is to say, refugees do not have any systematic, underlying differences in capacity and economic abilities. From an institutional perspective, refugees are distinct because they inhabit a space that is defined by intersecting international, regional, domestic and local policies (Betts et al., 2014). International laws dictate what protections refugees are entitled to and what obligations the state has to provide them (1951 Convention). The state then adopts

legislation to uphold these obligations (2009 Refugee Act). At the local level, aid workers, municipal governments and host communities determine how domestic legislation will be implemented and how it will be enforced. This research question unpacks the structural features refugee status carries at the local level when international and domestic policies are implemented.

The methods used to study the structural features are mixed. Quantitative methods suggest what the relationships between individuals and refugee status are, while qualitative methods are used to explain why, how and when the relationships form. Doing so makes use of an inductive approach that focuses the scope of qualitative inquiry based on evidence from field experiments. During the first phase of quantitative research, a budget experiment reveals different savings and investment strategies used by refugees and individuals from the host communities. Here investments are defined as assets set aside for the purpose of producing future gain. This is in contrast to purchases that are made to satisfy immediate needs, like hunger, without the expectation of future return.

The data supports the idea that refugees invest and save differently than their hosts. The central research question, “Why does refugee status matter?”, considers an array of institutional arrangements that intersect to determine the significance it has at the individual level. Embedded in the main question are two sub-questions. First, if refugee status does matter, in what ways does it matter, and second, to what extent does it matter? The bulk of this paper focuses on these two questions.

Field Experiments and Qualitative Inquiry: A Methodological Tool Kit

To maximize the time spent in the field from June-August 2014, the research was divided into two month-long periods. The first phase focused on the collection of quantitative data and the second on qualitative. While collected separately, the two pieces were triangulated to provide greater overall accuracy (Denzin, 1970).

To limit the scope of the research, which was conducted under time and resource constraints, the decision was made to exclusively focus on the Congolese refugee population in Nakivale. Doing so isolated refugee status as an explanatory variable, while limiting the historical and cultural variations that exist between refugee populations in Nakivale. The Congolese population was chosen based on a shared set of historical and cultural elements (Bøås, 2008; B. E. Coleman, 1971; Prunier, 2004; Young, 2007). Congolese are also the most numerous group in Nakivale.

To select participants, the research team⁶ sat down and identified 4 participant villages within each of the 3 administrative zones. The selected villages fit two main criteria. First, they had high concentrations of Congolese residents, and second, the villages’ populations were equal to or larger than the average village population size in Nakivale. These sizes were based on a 2014 fact sheet developed

⁶ The research team consisted of the lead researcher (the MPhil candidate) and two research assistants. Both of these research assistants were identified by Oxford Refugee Studies Centre based on previous work conducted by the centre in Nakivale.

by UNHCR Nakivale (Beck 2014). Exceptionally small or large villages were excluded because they were not representative of the institutional environment most residents inhabited. Out of a desire to maintain a somewhat representative sample, it was also decided that only three villages would be included from Base Camp. This was because time did not permit a fourth village to be selected, as well as because researchers determined that the economic environment in Base Camp differed from the primarily agrarian economies in the other two zones. In Base Camp, more residents set up small shops or businesses (Betts & Omata, 2012).

Once 11 refugee villages were selected, an additional 3 host villages were selected from each of the zones. These villages were selected based on two criteria. First, they were comprised of Ugandan nationals, and second, they were proximate to Congolese refugee villages. These two criteria were intended to ease participant selection and ensure that the group of nationals had relatively similar socio-economic profiles to the refugee sample.

Inside each village system random sampling was used to select 10 participants. This was done by counting every third house on both sides of the road leading out of the village's trading centre. Participant selection followed the models proposed by Donald Warwick's 1983 volume on survey research in developing countries (1983). As suggested by Warwick, researchers followed a pre-determined process of systematic, randomized selection. The researchers knocked at the door of every third house. The first adult over the age of 18 that resided in the house for more than 3 weeks in a month was asked to participate.

Selection during the qualitative stage was done to maximize both quality and time (Coyne, 1997). To do so, the research team used the selective sampling technique proposed by Imelda T. Coyne. In each of the 11 villages, three of the ten participants from the quantitative section were re-selected. The 3 participants selected for interviews demonstrated their ability to clearly communicate their investment decisions during the first phase of research. This may have biased results in favour of those who were more educated and less traumatized. The biographical information that was collected did not indicate that our interviewees were any more formally educated than those who were not interviewed, but this does not dismiss the possibility that the results are biased.

The concept for a budget survey emerged after reviewing Uganda's 2009 Household Survey (2009). The study sought to use an abbreviated household budget survey to undercover relationships between refugee status and socio-economic behaviour. The budget experiment asked participants to allocate 50,000 fake Ugandan Shillings⁷ (UGX) between ten items using the proposed method by Paul Shaffer (2009). These ten items were selected after a focus group of Congolese refugees determined what items would constitute a locally meaningful basket of goods (Shaffer, 2009). After the session, it was determined that the basket would consist of agricultural tools, livestock, rice, cooking oil, shoes, cloth, clothes, beer, juice and school fees. This represented a mixture of consumption goods and investment goods. It should be noted that the focus groups were comprised of only

⁷ Equivalent of \$16 USD as of May 2015

Congolese refugees. This may have biased the basket of goods in favour of the refugee population by excluding meaningful items that nationals might have selected.

The experimental design set out before fieldwork considered how fake money would incentivize people to act in ways that reflected their actual socio-economic behaviour. Some field experiments have used real money to incentivize participants to act in ways that reflect their true behaviour (Andreoni, 1988; Gneezy & List, 2006). To avoid feelings of obligation to participate in the study, the research used fake money. Despite the money having no monetary value, participants still appeared to take the exercise seriously. Most spent nearly 45 minutes allocating the money and often double-checked with the research team to ensure that they had placed the amount they wanted to on their intended item. Based on this observation, it seemed that fake money did not seem to cause people to discount the exercise, but this research does not dismiss the potential that it did.

After running a trial budget experiment, it became clear that literacy and language barriers had prevented some participants from filling out a paper survey. Instead, fake Ugandan shillings were printed so that each participant could physically allocate the money across the items themselves. Envelopes with illustration of each item were placed in front of the participants so that they could physically put the money down themselves. Once participants divided the 50,000 UGX, research assistants recorded the sum of money allocated to each item on a printed copy of the survey.

After conducting the budget experiment, biographical information was collected from each of the participants. It was collected with the intent of later investigating the similarities and differences between the two groups. Doing so allowed the study to answer a critical preliminary question: are the two groups similar enough to compare? Too much biographical variation would weaken the argument that refugee status conditioned different economic behaviours because too many other significant variables could account for the differences between the samples.

The application of a mixed methods approach came out of a desire to *explain* the relationship between refugee status and economic behaviour. Semi-structured interviews provided participants with a space where they could freely contribute to areas of the research that they saw to be important (Shaffer, 2009). The interviews focused on sharing the preliminary quantitative trend and asking for potential explanations. This strategy is known as member checking (Sandelowski, 1993). Based on the shared information, participants elaborated on areas they felt were incomplete or inaccurate representations of their behaviour. Participants' verbal responses enriched the explanatory power of the research and provided additional evidence to refine the explanations of investment decisions.

Empirical Findings

Section 1. An Introduction

Before presenting data, it is useful to understand *who* the participants were and *what* the experiment consisted of. Biographical data from 140 participant surveys is used to compare the demographic characteristics of both samples. It takes note of characteristics, like age, gender and family size, that are significantly different between the samples and may partially explain the differences the experiment revealed. Next, qualitative data will present participants' conceptions of the ten items in the budget experiment. This explains how participants understood the study.

In the second part of the empirical chapter, quantitative data is presented. It is presented using basic descriptive statistics to show the amount of money dedicated to each item and the frequency with which participants chose to place on each item. Qualitative evidence focuses on reoccurring themes and phrases that seem to indicate significant institutional structures and social elements that condition economic behaviour.

“What Other Traits Influence the Ways You Invest?”: Demographic Characteristics of the Two Samples

Refugee status is only one of the characteristics that may lead to differences between refugees and their host communities. Biographical data reveals how similar the two samples are based on family size, gender and age. While this study does not engage in a detailed statistical analysis, it does consider what significant characteristics that may influence behavioural patterns observed in the experiment. Claiming that the two samples are different based only on refugee status obscures the significance of other, potentially influential traits. This is not to say that the three characteristics considered (family size, age and gender) are the only characteristics that influence the decision-making process. These characteristics were selected because they were described as important variables during semi-structured interviews with Congolese refugees.

Figure 2. Age Distribution between Samples

	Refugee (110)	National (30)
18-24	20.2% (22)	26.7% (8)
25-44	58.3% (64)	46.7% (14)
45-65	21.46 (23)	26.6% (8)
65+	0.04% (1)	0% (0)

Figure 2 indicates that the difference in age distribution across the two samples is fairly even. Although the samples are too small to conclude that the trends are statistically significant for the larger refugee and national population, the methods and techniques used in this study uncover preliminary patterns that hint at structural difference between the two groups in the study. By using the age categories suggested by Floyd J. Fowler (2008), both samples appear to have the majority of participants fall into the 25-44 years of age category. Less than 1% of both samples fall into the over 65 category, and the remainder of the two samples are divided almost evenly between the 18-34 category and the 46-64 category.

Figure 3. Distribution of Family Size between Samples

	Refugee (110)	National (30)
Small (0-4)	33.2% (36)	54.23% (16)
Medium (6-8)	29.7% (33)	24.54% (7)
Large (9+)	37.1% (41)	21.23% (6)

The distribution of family size within and between both samples is shown in Figure 2. Figure 3 indicates that the different distribution of small families across both samples varies more than the other two categories. The national sample has a larger proportion of small families than the refugee sample. The difference between the two samples seems to support the idea that refugees' larger families motivates them to spread their limited resources among more people.

Figure 4. Gender Distribution between Samples

	Refugee (110)	National (30)
Female	52.7% (58)	63.3% (19)
Male	47.3% (52)	36.7% (11)

In addition to family size and age, the gender distribution between both samples appears to be similar. The gender gap is slightly larger in the national sample, but this could be due to the smaller sample size.

Family size is the only variable among the three that seems to be significantly different. If a participant, refugee or national, allocates constrained resources among 8 members rather than 5, the participant with 8 family members will face different costs. Other statistically significant differences may exist between the two samples, but given the data at hand, only the above conclusions can be drawn at this time.

In addition to the distribution of characteristics across both samples, this section reviews *how* the participants understood the experiment. Conceptions of the ten items on the budget survey are summarized below.

Item 1: Agriculture⁸

“The most important is farming. If you cultivate, later you will harvest and that harvest will allow you to get livestock and through that livestock you will get a good life condition for the future” (Interview 5, No093, July 3, 2014).

General conceptions about agriculture depicted the item as a foundational asset. It was seen as an item that would produce future returns. These returns could then be used to invest in other items that would also produce further returns, like livestock and education. Participants continually stressed the importance of agriculture for their future success. If a solid agricultural foundation had not been laid, investments in livestock and small businesses would not be sustainable.

Item 2: Livestock⁹

“For livestock, sometimes I may get sick or ill and if I have livestock at home I will just sell one so that I get the money for medicine. After recovering I can go back to my farming. If I do not have livestock it is like death for me” (Interview 06 No086, July 23, 2014).

⁸ This category includes seeds, agricultural tools and farm labour.

⁹ Animals include both small animals (chickens, goats and ducks) as well as large animals (cows).

Like agriculture, livestock was considered to be a long-term investment that produced future returns. When describing what they expected to receive from their investments in livestock, participants described food items like eggs, meat and milk, which would improve their family's nutrition and could also be sold for profit. They also mentioned the potential they would have to sell the animals' offspring. Based on these two reoccurring expectations, livestock can be seen to have both monetary and nonmonetary returns. They provide a source of money if sold and of nutrition if kept.

Item 3: Education¹⁰

“Concerning education, also it is important in life because if I study and then later God helps me to get a job, from that job I will get a salary” (Interview 8, No086, July 23, 2014).

Education, like agriculture and livestock, was considered to be a long-term investment that would produce future returns. It was often considered to be a sounder investment because children would not lose the education they gained in Uganda if they had to leave. It was not, however, guaranteed that the level of education reached in Uganda would be recognized in the DRC. The element of uncertainty present in the educational investments of refugees may partially explain their lower investment (see Figure A, Section 2).

Item 4: Cloth

“Cloth is important because it will protect your body from illness and the cold” (Interview 11, No053, July 19, 2014).

Cloth was cast as an expensive purchase that had many uses. It could be used to cover beds, make into clothing or cover windows. It could also be used to cover the body at night when a mosquito net was not available. Based on the perception that it could protect against malaria, cloth was an indirect investment in health.

Item 5: Shoes

“Shoes, a person can wear for one year with only one pair” (Interview 23, No052, July 27, 2014).

Shoes were described as a durable good. While participants saw them as expensive, they were not purchased very often. Shoes also carried social

¹⁰ This category includes educational expenses such as schoolbooks, school fees, uniforms and other school supplies. The example of schoolbooks was used while explaining the exercise to refugee participants, as many have their school fees paid for by NGOs.

significance for refugees and nationals. Money spent on shoes met their desire to appear well-dressed.

Item 6: Clothes

“The last, but important thing, is setting up a clothing shop, where you sell clothes to get enough money” (Interview 22, No041, July 27, 2014).

The explanations participants gave for their purchase of clothing indicated several diverging interpretations. First was the interpretation that clothing could be resold for quick returns. Unlike agriculture and livestock, reselling clothing did not require a significant period of time before the investment could be sold for profit. One participant described how he would buy clothing and sell it for nearly twice the price he purchased it for (Interview 14 No 033, July 27, 2014).

Other participants demonstrated altruistic tendencies, describing how their purchase of clothing had to cover the material needs of all their children; *“If I see my child clean and in good clothes when he is going to school I become very happy”* (Interview 2, No077, July 2, 2014).

Item 7: Cooking Oil

“If you buy a large amount, there will be no future benefit. It’s better to buy small quantities of cooking oil. It takes less money because we get small assistance from rations each month” (Interview 10, No075, July 2, 2014).

Refugees’ conceptions of cooking oil illustrate more general views on basic consumption goods, mainly that they are purchased to supplement the aid refugees receive. Many refugee participants noted the insufficient level of food aid inside Nakivale that required daily expenditures to supplement what was missing.

These small supplementary expenditures came from returns on agricultural investments and livestock. Cooking oil was not considered to be an item that could be consumed alone and instead was seen as complementary to other purchases like rice. One participant noted, *“Me, I can cook potatoes without oil and my children will still be satisfied, but others can’t imagine eating food without cooking oil”* (Interview No 12, No061 July 30, 2014).

Item 8: Rice

“Rice is important because you can’t manage to work on an empty stomach” (Interview 12, No061 July 30, 2014).

Rice appeared to serve as a proxy for other food items. When asked what the most important item was on the budget survey, about half of participants stated that agriculture and livestock were the most important. They were important because they would provide food, which was considered to be the most critical need. Parents

also stressed that they could not send their children to school without food. Rice itself was less significant than the general food category it fell into.

Item 9: Beer

“Beer is useless, it’s just for drunk people. It’s a shame to become drunk, especially for women, if a woman abuses alcohol she has already failed to live” (Interview 02, No072, July 2, 2014).

Beer was overwhelmingly described as useless. It was considered to be a wasteful resource that produced negative externalities: violent behaviour, poor spending decisions and poor work habits. There was also a negative stigma attached to those who did drink beer, especially women. Here, participants may have felt social pressure to indicate their aversion to alcohol during the study. This is in line with the finding that the majority of the participants chose not to place money on beer in their budgets (Figure A, Section 2). Those that did allocate money in their budget for beer stated that it could only be consumed after all other needs were satisfied. One participant ran a local bar and invested more heavily, but her experience was not typical.

Item 10: Juice

“Juice is used only very rarely, when a child is sick. You can bring it to your children but not every day” (Interview 3, No075, July 2, 2014).

Like beer, juice produced no future monetary returns for participants. It did, however, have perceived health benefits. Some participants described spending money on juice to make their children happy. Most participants described juice as a luxury item that could be purchased after all other needs were met.

Based on the above descriptions, the ten items can be classified into three mutually exclusive categories: consumption goods, long-term investments and durable goods. Some of these goods can be further defined as complementary or supplementary goods. For example, rice and oil were perceived to be complementary. In other cases, shoes and clothes were thought to be complementary. Other goods would fall under the category of supplementary goods. For refugees, these are goods that are provided through aid, but require further investment to meet the household’s needs. These supplementary items include rice, cooking oil, agricultural tools and education, all of which are “subsidized” by aid. Finally, certain items can be classified as insurance mechanisms. Cloth was said to protect against malaria and livestock provided a buffer against loss in periods of illness. Education was generally considered to provide income insurance, while parents viewed investments in education as a form of retirement insurance.

Consumption goods: goods:	Long-term investments:	Durable
Beer	Livestock	Cloth
Juice	Agriculture	Clothing
Rice	Education	Shoes
Cooking Oil		

Complementary Goods:	Supplementary Goods:
Rice and Cooking Oil	Cooking Oil
Rice and Education	Rice
Agriculture and Education	Education
Agriculture and Livestock	Agriculture
Shoes and Clothes	
Clothes and Education	

Insurance Mechanisms:

Cloth as *health insurance*

Livestock as *insurance against risk*

Education as *income insurance and retirement insurance*

The next subsection will present the quantitative evidence in three parts. The first will consider *how much* each sample invested in each item. The second will consider *how often* each sample invested in each item and the third will consider differences in *the level of wealth* between refugees and their host communities.

Section 2. Quantitative Evidence

Budget Experiments and Wealth Indexes: An Introduction to the Quantitative Tool Kit

To complete the budget exercise, participants balanced their household's needs with their own expectations about the future. Observing resource allocation provided the research with an entry point to the economic decision-making process of refugees. The budget experiment mimics a naturally-occurring economic decision in the lives of refugees: the decision to allocate money across items to satisfy many needs. The design is intended to provoke decisions that reflect the true economic behaviour of refugees. As mentioned, it is possible that some participants did not treat the exercise as they would in their real lives, but the concentration and effort exerted by participants in the process suggests that they did take the exercise seriously.

The primary goal of this section is to identify basic statistical patterns that signify behavioural differences. Using evidence from the budget survey, the study considers the quantity of investments made in each item, as well as the frequency of investments made. This gives two measures of the value participants placed on the

items. The first indicates how much participants would spend on an item. This is done because the two samples have different levels of wealth and different sources of capital (i.e., aid). The refugee sample may not be conditioned to spend as much on certain items: *“Refugees have some organizations which help them but nationals mostly don’t benefit from this support”* (Interview 29, No11, August 1, 2014). The second measure indicates if participants would spend money on the items at all. This measure controls for wealth; it would suggest that items with less money allocated to them are not as important to participants, regardless of their income.

Preliminary Descriptive Statistics and Investment Trends: Average Investments Between Samples

Preliminary trends were calculating using basic descriptive statistics in Excel. As evidenced in Figure A, the research team used averages to chart preliminary trends.

Figure A. Descriptive Statistics from Budget Experiment, Refugees (n=110)										
	Clothes	Ag Tools	Beer	School Books	Juice	Livestock	Rice	Cooking Oil	Shoes	Cloth
Total	616,000	1,043,000	104,000	515,000	174,000	1,214,000	543,000	352,000	393,000	462,000
Mean	5,600	9,482	945	4,682	1,582	11,036	4,936	3,200	3,573	4,200
Median	5,000	10,000	0	3,000	1,000	10,000	3,500	2,000	2,000	3,000
StDev	4,515.4	6,230.6	1,994.7	4,625.3	2,056	6,597.1	4,564.1	2,657.2	3,195.35	3,439.65
%Budget	11%	19%	2%	9%	3%	22%	10%	6%	7%	8%
Skew	1.6	0.5	3.4	2.4	3.04	0.5	1.8	1.8	1.2	0.8

Figure B. Descriptive Statistics from Budget Experiment, Ugandan Nationals (n=30)

	Clothes	Ag Tools	Beer	School Books	Juice	Livestock	Rice	Cooking Oil	Shoes	Cloth
Total	115,000	348,000	15,000	257,000	27,000	391,000	114,000	43,000	59,000	130
Mean	3,833	11,600	500	8,567	900	13,033	3,800	1,433	1,967	4,333
Median	3,000	10,000	0	7,000	500	10,000	3,500	0	2,000	3,000
StDev	4,571.9	9,163.6	1,870.8	6,836.4	1,155.2	9,953.3	3,809.2	2,329.5	2,370.6	4,196.3
%Budget	8%	24%	8%	20%	4%	28%	11%	7%	7%	13%
Skew	1.8	2.6	4.8	.67	1.64	1.19	1.16	2.17	1.56	.42

The average expenditures made on each item are presented in Figures A and B. The item that was allocated with the most money for both samples was livestock. The refugee sample chose to invest 23% of their budget on livestock, while nationals chose to invest slightly more, at 28%. The investments made in livestock are followed closely by investments made in agricultural tools. Agricultural tools accounted for 20% of refugees' budgets and 24% of nationals'. When combined, livestock and agriculture accounted for 43% of refugees' budgets and 52% of nationals'. That is an average of 47.5% of both groups' budgets. The variance¹¹ in both items between the two samples is different at a statistically significant level, meaning that both refugees and nationals allocated money in amounts close to the group's overall average.

As noted in the introduction to this chapter, both livestock and agriculture were described as investment goods that produce future returns: *"The most important is farming. If you cultivate, later you will harvest and that harvest will allow you to get livestock and through that livestock you will get a good life condition for the future"* (Interview 5, No93, July 12, 2014). The fact that almost half of both samples' budgets were spent on the two investment goods suggests that both samples are future-oriented. If both samples' investments are compared, refugees invest 9% less than nationals in the two investment goods. This may be because refugees face future uncertainty and are relatively more resource-deprived than nationals.

When observing average expenditures, it is also clear that both groups spent very little on beer and juice. Refugees spent, on average, 2,527 UGX. That is about 5% of their total budget. Nationals spent even less, averaging only 1,500 UGX, 2.8% of their total budget. As we noted in the introduction to this section, participants sometimes intended to resell consumption goods if an unexpected need arose. Beer and juice were not, for the most part, framed in this way. Many participants considered them to be luxury items that were not necessary: *"If I drink beer I will be spending my money foolishly and I can drink water. If I don't get juice my life will be fine"* (Interview 25, No 30, July 31, 2014). Beer was also considered to produce

¹¹ Variance measures how far from the mean, or average, a number in a dataset falls. For greater explanation see Healey, Joseph F. (1993), *Statistics: A Tool for Social Research*, 3rd edition, Wadsworth

negative externalities by clouding the decision maker’s judgment and inhibiting wise decision-making. Given the small amount of the two budgets that were allocated to beer and juice, it appears that both samples weigh costs and benefits in their economic decisions.

Two further investment areas warrant mention: investment trends in education and spending trends in the remaining consumption goods (rice, cooking oils, shoes, clothes and cloth). The level of investments made in education are considered first. The refugee sample invested far less on education¹² than nationals. On average, refugees invested 4,682 UGX in education, nearly half the amount of nationals, who invested 8,567 UGX. For the refugee sample, this sum represents 9% of the total budget. For nationals, it was 17% of their total budget. As mentioned in the introduction, refugees may invest less because of future uncertainty and the distorting effects of aid. There is also the high cost Congolese refugees face in the classroom when adapting to an Anglophone school system: *“Our children face a serious challenge of language barriers and it’s why we chose to keep them at home expecting to take them to school when we are back in Congo is where they can perform better and more quickly”* (Interview 3, No75, July 2, 2014). The difference in mean between the two samples is different at a statistically significant level.

Finally, the level of spending on consumption goods is considered. These include shoes, cloth, rice, clothes and cooking oil. I separate these five consumption items from spending on beer and juice because they were not described by participants in the same ways; beer and juice were luxury items with sunk costs, while the other items satisfied basic needs: *“Beer and juice is not something to be taken every day, you can just drink it when you want. Maybe every one or two weeks”* (Interview 22, No053, July 29, 2014).

Rank of Item by Amount Spent (UGX), Refugee Sample	Rank of Item by Amount Spent (UGX), National Sample
1. Clothes, 5,600	1. Cloth, 4,333
2. Rice, 4,200	2. Clothes, 3,833
3. Cloth, 4,936	3. Rice, 3,800
4. Shoes, 3,573	4. Shoes, 1,967
5. Cooking Oil, 3,200	5. Cooking Oil, 1,433

The rank of items shown in Table 1 is similar in both groups. Rice, clothes and cloth are the top three, while shoes and oil are at the bottom. Refugees spent more on clothes and rice than education. Refugees also spent more on clothes, rice, cooking oil and shoes than nationals. Qualitative data will be used to uncover the significance of these differences in the next sub-section.

¹² It should be noted that schoolbooks were selected as a proxy for more general educational investments based on the free school fees and uniforms supplied by the UNHCR.

Proportion of Sample Spent in Each Item

	Clothes	Ag Tools	Beer	School Books	Juice	Livestock	Rice	Cooking Oil	Shoes	Cloth
Refugee (110)	94%	93%	38%	96%	71%	95%	95%	93%	88%	88%
National (30)	70%	97%	13%	87%	50%	93%	70%	40%	57%	67%

The dispersion of investments made in the two investment goods (livestock and agriculture) are fairly even. Table 6 indicates that both samples invested in the two items the majority of the time. On average, the two items were invested in 95% of the time. This may suggest that the expected returns from these items cause both sets of participants to invest more frequently.

In terms of education, refugees invest in education 96% of the time, while nationals invest 87% of the time. This may seem inconsistent with the finding that refugees invest almost half the total amount that nationals do in education. Table 3 suggests that the different levels of investment are statistically significant. This may indicate that the level of investment does not reflect how participants value the item. As mentioned earlier, material aid distorts the relative, perceived price of items for refugees. If a refugee receives free books and school supplies, he or she may normalize spending less on school, although he or she may value education just much as a Ugandan national. Based on qualitative evidence, refugees described the importance of education: *“We are not ignorant about the importance of school, we are conscious that it is very important”* (Interview 14, No28, August 1, 2014). It was found to provide participants with income security; *“After a child finishes his education, he will start working and gain a salary that will help him to live a better life in the future. For example, he can save his money in a bank for the future”* (Interview 19, No8, July 7, 2014). The competing evidence that refugees invest less in education, but more regularly, seems to further support the idea that aid distorts the relative prices for the refugees.

Given the patterns that have been presented in this subsection, there appear to be three points that the quantitative data suggests:

- (a) Distribution of the Budget: Refugees spread their spending more evenly across items.

On average, refugees allocated money to 95.4% of the items of the budget survey, while nationals allocated money to only 68% of the items. On average, refugees left 1 item (beer) without money, while nationals left 4 items without money. When compared with the wealth index evidence, this suggests that refugees may spread their budgets as a consumption smoothing strategy. They have fewer assets

to liquidate when an investment fails and may spread investments to reduce the magnitude of the potential loss.

- (b) Levels of Investments Made: Nationals invest more of their budget in items that produce future returns.

Nationals invest more of their budgets than refugees do on three items that produce future returns: livestock, agriculture and schoolbooks. Given refugees' temporary status in Uganda, future uncertainty may inhibit larger investments from being made. Based on the data in this section, refugees not only invest less of their budget on these three items (53% of their budget compared to nationals who spend 72% of their budget on the three items), but they also have a lower level of wealth to support the investments. This seems to support the idea that refugees are trapped in a cycle: the small plots of land they are allocated by the UNHCR and the government of Uganda do not seem to yield enough to produce beyond a subsistence level. It appears that they do not have enough start-up capital to invest in other income earning activities, like animal husbandry.

- (c) Distorting Effect of Aid: Refugees' investments do not consistently reflect the relative value participants place on items.

Investments made in education suggested that refugees invest more frequently than nationals, but at almost half the average amount. Refugees invested in schoolbooks 96% of the time, while nationals invested in schoolbooks 86% of the time. National participants invested, on average, 10,000 UGX, while refugees invested 5,000 UGX. The wealth index may suggest that refugees have less capital to invest with. Participants suggested that free primary school and school materials distorted the perceived cost of education. *"For refugees they get some support from the UNHCR for the education of their children and of course refugees add also on to that support to make sure the children are going to school."* (Interview 17, No046, July 7, 2014)

Section 3. Qualitative Evidence

The quantitative section revealed socio-economic behavioural differences between a sample of refugees and Ugandan nationals. Given these differences, the voices of refugee participants will be used here to explain *why* and *how* the differences occur. To quickly summarize the differences from the quantitative section: first, refugees were found to spread their budgets more evenly across items in the budget experiment. Ugandan nationals invested in fewer of the items, placing larger portions of their budget on items that produced future returns. This seems to support the idea that nationals' social networks facilitate the provision of basic needs, leaving them with more resources to make invest with. Second, refugees invested only half the amount nationals did in schoolbooks. This could be due to refugees' future uncertainty and the distorting effect of aid. The last finding suggests that aid may distort the relative price and value of items for refugees. The provision of basic needs by aid groups may cause refugees to discount the monetary value of certain items, like school supplies. Now, qualitative evidence will be used to enrich the explanatory power for the observed behaviour.

Based on reoccurring themes uncovered in semi-structured interviews, qualitative evidence is grouped into two categories that help explain the connection between refugee status and economic behaviour. The first category includes past experiences participants made routine mention of when describing elements that influenced their investment strategies: war, poverty and growing up in a farming community. The second category considers the *de facto* barriers both groups said inhibited their economic activities. These include distance, uncertainty and risk. In the next section, these descriptive differences structure the mechanisms-based approach shown in Chapter 5.

Set-up Conditions: The Influence of War, Poverty and Growing up in Farming Communities

Based on three reoccurring responses, focus is placed on three shared experiences: war, poverty and growing up in a farming community. In this case, war is a shared experience within the refugee sample, but not necessarily between the refugee and national sample.¹³ Poverty and being raised in a farming community, are however, shared by both samples. This is not to say that these are the only past experiences that are relevant. They are simply the most frequently mentioned, which suggests that they may be important conditions in the decision making process.

As previously mentioned, the experience of *war* is unique to the refugee sample. The refugees' descriptions of war all entailed the loss of property, security, social relationships and stability.

"Of course in Congo I have lost a lot because of the war and conflict. I lost my livestock, my shop, my clothes. And of course when I was doing my business, livestock in Congo, I benefited and that helped construct a house" (Interview 12, No034, July 25, 2014)

Beyond material loss, the physiological implications of these experiences are equally critical. Participants frequently stated that they were mentally unsettled, due to their past experiences of war. *"Refugees feel a certain lack of peace because they are not in their own country that is why they can't do things properly"* (Interview 13, No034, July 25, 2014). The reoccurring mention of war implies that individual experiences of a common event (war) have influence on the contemporary decision-making process.

Refugee participants frequently described a state of mental unease; *"My mind is not well settled because of these problems that I faced in Congo"* (Interview 20, No 54, July 29, 2014). Some described how this made investing in items with limited resources more difficult. They did not wish to think about future implications and therefore could not arrive at economic decisions that optimized their few resources. Other participants disagreed and stated that resource constraints forced them to use their limited means more efficiently, having to ignore their past, potentially traumatic experiences: *"For me we have to invest without thinking about what could come."*

¹³ No mention was made by the Ugandan sample of experiences of war relating to the 1980s conflict. I do not discount the impact this may have however played.

Even if we have lost a lot we have to invest!" (Interview 19, No048, July 28, 2014). The variation in interpretations demonstrates the importance of individual agency in the decision making process. These two opposite views are known as the compensation and spillover effects, which will be discussed in the mechanisms-based approach presented in Chapter 5.

Despite disagreement over whether past experiences of war made the present seem better or worse, participants agreed that losing their assets in Congo left them significantly worse off in a material sense: *"We can't try to compare ourselves to them (nationals), they have more resources than us. It is not possible to behave like them"* (Interview 4, No028 July 31, 2014). Multiple interviews revealed experiences of having resources violently taken by rebels, while others revealed having to abandon resources for fear of safety: *"While I was still in Congo, I was owning a shop but people came and stole it and I have remained empty handed"* (Interview 6, No086, July 23, 2014). Whatever the cause of property loss, refugees came to Uganda with far fewer of the resources they had in Congo. In Nakivale, they have had to rebuild capital starting from next to nothing.

Living in a state of **poverty** requires well-thought-out, strategic investments to maximize constrained resources: *"Refugees are given a small portion of land which is not enough so you have to be wise"* (Interview 6, No 086, July 23, 2014). Refugee participants frequently described situations where their households were in a perpetually state of deficit: a calorie deficit, a nutritional deficit, a financial deficit and a health deficit. *"The main reason (we invest like this) for us we want to take the rare opportunity of having money to satisfy the many needs we have"* (Interview 3, No 75, July 2, 2014).

When participants were able to accumulate resources by selling maize and beans, they typically received meagre sums of money that they had to strategically invest to reduce the magnitude of their multiple deficits. Participants described buying small quantities of rice, potatoes and oil with the expectation that future returns on livestock and agriculture would help them supplement the small investments: *"Other small items will be supplemented through the bigger investments I have selected"* (Interview 19, No048, July 28, 2014). The actual return on the larger investments was often insufficient due to unfavourable weather and illness that constrained their ability to work.

General spending trends across both groups share characteristics with other econometric analyses that have been conducted by Marcel Fafchamps (Fafchamps, Udry, & Czukas, 1998) and Stefan Dercon (2002). Generally speaking, the resource-poor are found to invest strategically in items that produce future returns. Both refugees and nationals described livestock and agriculture as investments that would provide increasing returns to scale. This investment strategy is perceived to maximize constrained resources. Actually generating increasing returns to scale from agriculture was rare for the refugee sample, who reported frequent periods of illness and crop failure. Despite these negative experiences, refugees still invested heavily in agriculture. Investing in the face of failure brings us to our next point: the strong influence that growing up in a farming community played.

Refugee participants described watching their parents and neighbours **invest in farming**. By observing how those who invested heavily in agriculture tended to prosper, refugees learned to do the same: *“In Africa, most people grow up in farming families or communities and they take agriculture and livestock as the easiest way of getting money without investing all that much”* (Interview 16, No033, July 25, 2014).

Based on the findings of semi-structured interviews, war, poverty and growing up in a farming community are found to have profound influence over the economic decision making process. These influences can be summarized in three points. First, **war** diminished refugee’s endowments and altered expectations about the potential for loss. Second, **poverty** conditioned the strategic use of constrained resources to maximize returns. Finally, **growing up in farming communities** conditioned the expected returns on investments made in agriculture, discounting the effects of climate variation and illness.

Distance, Uncertainty and Risk: De Facto Barriers to Economic Decisions

When confronted with an investment decision, refugees consider the cost of the potential investment and its expected payoff. It is simple to observe the monetary value of a physical asset and predict its future value. What are less evident are the unobservable costs refugees and nationals consider in their investment decisions. All of these unobservable costs were referenced in interviews and can be summarized as the following de facto barriers.

Refugee participants described how **geographic isolation and distance** prevented them from accessing markets outside the Nakivale settlement; *“I don’t sell on a good price because I don’t have connections and know where to sell my crops at a good price”* (Interview 6, No 086, July 23, 2014). Mbarara and Kampala were generally perceived to offer better prices for their agricultural products, but the monetary cost and opportunity cost of traveling the distance confined most participants to a limited set of opportunities available inside Nakivale.

Based on qualitative inquiry with refugees, it would appear that nationals seem to have more networks to help them overcome the geographical barrier.

“For nationals they have other connections to get things but for us refugees, we don’t have very many connections. We have to provide all at once. For example, for nationals, they will just go to their banana plantation and sell on their bananas to get the rest of these goods and services, but we refugees we don’t have opportunities and connections, we just depend on UNHCR for assistance, if not we suffer” (Interview, No86, July 23, 2014).

Nationals were perceived to have established networks that they used to reduce the cost of transport. Some national participants owned motorbikes, while others had family members with cars. This was very unusual for the refugee participants. Nationals also had relatively higher levels of wealth that could be used to fund the cost of transport without diminishing other investments. This point is supported by evidence found in the wealth index.

In addition to distance, refugee participant described future **uncertainty** as a barrier to their economic activities: *“That also can be a reason because refugees are consistent and have in their mind that at any time they will go back in Congo”* (Interview 1, No072 July 2, 2014). Because they did not know when they would leave Nakivale or under what conditions, refugees were more reluctant to invest in larger projects. They had a distinct preference to invest small amounts of money in many items (see Figure L, Page 46). As one participant told me: *“A refugee can’t produce or invest more like a national because whenever he is forced to go back, he will not be able to carry all of those investments that he has made in Uganda”* (Interview 19, No48, July 28, 2014). It is worth noting that the reported uncertainty was based on a common misconception: refugees generally thought that the Ugandan government could make them leave at any point.

Uncertainty also conditioned the educational investments made by refugees. As we have already mentioned, Congolese refugees were slightly ambivalent about education because they did not know if their children would have to leave Uganda suddenly and have their education interrupted.

“Nationals they have to take their children in schools and support them up until the end of their studies to prepare for their good future but for refugees, this is not our country and tomorrow or after tomorrow they may come and tell us “hey you have to go back” (Interview 6, No086, July 23, 2014).

Refugees also reported uncertainty about their future residence. If they were resettled to Europe or North America, the education their children received in Nakivale would be of little use.

Based on the cost-benefit analysis refugees described during the budget experiment, it is critical to assess **the perceived nature of risk** in Nakivale. As Stephan Dercon (2002) argues, income risk conditions the investment and savings strategies poor households are able to adopt (Dercon, 2002). The perceived nature of risk in Nakivale may in part determine what strategies refugee households adopt. Below, the two different sources of risk that this research made note of are presented: crop failure and illness.

Some refugee participants justified their wide spread of investments as a means to minimize the loss they would incur if crops failed or household members fell sick: *“The way we refugees desire to invest smaller amounts in different items is a way to keep money safe”* (Interview 2, No077, July 2, 2014). In most cases, crop failure was associated with drought, while illness was associated with poor nutrition, malaria and unclean drinking water.

The work of development economist like Stephan Dercon (2002), Marcel Fafchamps (1998) and Jonathan Morduch (1999) suggests that there are two different types of risk. The first, idiosyncratic risk, is characterized by unsystematic occurrences. Idiosyncratic risk is not correlated to any shared asset. The second, covariant risk, is characterized by a systematic occurrence. Covariant risks will be correlated with shared assets. Considering the two types of risk participants described, illness would fall into the category of idiosyncratic risk, while crop failure, when induced by large climate shocks, would be covariant.

These distinctions help further unpack the characteristics of risk in Nakivale. Literature on crop failure describes the shared risk households face concerning climate fluctuations (Alderman & Paxson, 1992; Townsend, 1995). All households will endure the consequences of drought or flood. The opportunities that households have to draw on communal resources when crops fail are diminished because all other households will also want the shared resources. The wealth index indicates that refugees have fewer assets to use as a buffer. Nationals may be able to insulate themselves using their wealth: *“(A national) he can get money from different sources like banana plantations and having enough land”* (Interview 4, No099, July 3, 2014).

The categories considered so far partially explain some of the observed investment strategies used by the samples. To conclude this section, the three categories are used to explain five observed investment strategies used by refugees in the budget experiment. This is an important step to develop the mechanisms approach in Chapter 5.

The Significance of Beliefs, Expectations and Values: Investment Strategies Employed by Refugees

Quantitative evidence supports the claim that ***refugees and nationals invest more of their budgets on items that produce future returns***. Quantitative evidence showed that both groups allocated 47.5% of their average budget on these two items and smaller amounts on consumption goods (46% of their budgets were spent on the seven remaining goods). Nationals put slightly more money into investments with expected future returns: 72% of their budget was spent on livestock, agricultural tools and schoolbooks, and only 28% on the remaining consumption goods. What is distinct about the investments refugees make are the comparatively larger portions of their budget that they allocate across consumption goods. Qualitative inquiry revealed a potential explanation for this trend: refugees have fewer connections they can use to cover the costs of small items.

“That is why we refugees invest in that way because we don’t have any other person with whom we can run to for assistance and tell him to give us this and that, like nationals can. They have their relatives around” (Interview 17, No 93, July 3, 2014).

While a Ugandan national may run to a family member’s house to borrow cooking oil, refugees have weaker community ties and fragmented kinship networks.

Repatriation, resettlement and renewed conflicts in neighbouring countries make it difficult for Nakivale’s refugee population to establish relationships that foster trust and reciprocity. They cannot always borrow small items with the expectation that the favour will be returned in the future. This weakens social networks and may make it more difficult to invest in larger items with future returns.

Because refugees seem to have weak networks and fewer large investments to gain from, it appears that they are more vulnerable to risk. The money they do gain from reselling items is used to cover basic needs like food, cooking fuel and firewood: *“(We) buy different items to satisfy different needs, and I can buy some*

items expecting to sell them later when there is a need to satisfy” (Interview 1, No072, July 2, 2014). Because refugees have fewer resources to draw from to cover basic needs, they may invest small amounts of money to at least partially cover basic needs. The small amounts are invested with the expectation that the small sums can be supplemented with earnings from agriculture after the harvest. The resale of resources brings us to our next point: refugees often intend to **resell consumption goods** if an unexpected need arises. It was also described as a way to earn money quickly: *“People do this for gaining as quick as possible. If somebody does that it’s for benefitting a lot and making it possible to save money”* (Interview 14, No033, July 25, 2014).

The distinctions made between consumption and investment goods become blurred when resources are constrained and households become more vulnerable. Harold Alderman (1992) provides supporting econometric evidence of the propensity resource-constrained households have to resell items that were originally purchased for consumption

While some refugee participants in the study describe selling consumption goods when unexpected needs arose, others purchased these items with the original intent to resell them: *“(The price of clothes) can depend also on the price of which clothes I buy, I calculate the interest I need to sell them”* (Interview 14, No033, July 25, 2014). Reselling items constituted a small business operation for participants, granting them an additional stream of revenue. The geographical isolation of the settlement makes reasonably priced clothing a valuable commodity to exchange. Reselling items also had the distinct advantage of being resold immediately, while investments made in agriculture and livestock took longer to mature.

As already noted, **the distorting effect** of aid altered the perceived price of items for the refugee sample:

“Sometimes our children receive school materials from donors then we use just small amounts of money to supplement what our children are given” (Interview 23, No065 July 30, 2013).

Each month, the World Food Program distributes food rations to registered refugees. After receiving the rations, groups of refugees can be seen informally exchanging goods. These exchanges are made to supplement food items that are running low by taking away from food items that have adequate amounts left. After distribution, households also purchase items that were not covered in the monthly ration: potatoes, meat, fish and sometimes milk: *“I have to buy every day food items like beans, potatoes, tomatoes and cooking oil”* (Interview 10, No 104, July 24, 2014).

Supplementary purchases are not restricted to food items. As the quote above indicates, refugees sometimes receive school materials, requiring only supplementary items to be purchased to satisfy their children’s schooling needs. This seems to support the idea that refugees distribute small amounts of money across consumption goods. In short, the types of aid they receive seems to influence the supplementary purchases refugees make. Nationals are not eligible for the same

types of aid and therefore may make different investment decisions. The final strategy refugees described was **delaying the sale of their harvests to gain higher prices**.

“We take our time to sell and prices become good with time. At harvest time, products are too many, then after a certain period of time few people have remaining harvest to sell. That’s when prices are good and I benefit” (Interview 15, No 039, July 25, 2014).

In the summer months the land outside refugees’ small mud houses fill with maize from the season’s harvest. When it comes time to sell the dried maize, every household siphons its portion into identical white sacs. The sacks are loaded onto a large 18-wheeler that comes once every few months and each household is given a small sum of money based on the per unit price for the day. When so many households sell the same crop at the same time, the per unit price drops. Consequently, refugees can receive very low returns on their harvests.

To mitigate the diminishing returns to scale, some households seem to delay the sales of their crops until the market has run dry. Doing so required that households have enough capital to buffer their income: *“To be able to wait until a good price comes on the market I have to be taking a small quantity of foods from my store to keep for me and my family, especially to supplement food rations”* (Interview 17, No 093, July 3, 2014). Some households manage to accumulate additional resources from of small businesses or livestock holdings, but most do not.

Refugees face several additional barriers to generating increasing returns from agriculture. First, refugees have homogenous crops because **they are discouraged by UNHCR and the Ugandan Office of the Prime Minister from growing permanent crops**, like bananas, that would diversify production and gain higher returns. Refugees are also limited to a 50mx100m plot of land they are allocated by UNHCR and the government of Uganda (2006 Refugee Act). Refugees can rent land from nationals, but have no secure property rights and can be kicked off without notice.

Conclusion

The study began by questioning the subtle differences found between Prosper and Angel. The temporary nature of refugee status introduces an element of uncertainty in the economic decision making process. Angel could, in theory, be resettled or return to DRC at any point, while Prosper will almost certainly remain in the Isingiro district for the indefinite future. Prosper can invest in large projects without considering the potential loss she will incur if she has to leave Nakivale. Angel does not seem to have the same security.

Here, the institution of refugee status and Ugandan citizenship carry different structural features that inform the choices made by Prosper and Angel. Mechanisms describe the process by which Angel and Prosper interact with, interpret and internalize structural features during the decision making process. In other words, the subtle differences between Prosper and Angel may be the product of different

environmental elements that condition socio-economic behaviour. For Angel, refugee status matters because it introduces structural features, like uncertainty.

Another example that compiles the narratives of participants will help to illustrate the significance refugee status plays in the decision making process. In Congo, Angel raised cattle, as many of the refugees in Nakivale did. When she fled the war, she lost the herd and was never able to recover the costs. Now, in Nakivale, she faces resource constraints and future uncertainty. She cannot afford new cattle but also fears having to lose assets if she suddenly has to leave. Because of the resource scarcity and uncertainty, she adapts her socio-economic behaviour, putting primary focus on covering her basic needs and ignoring long-term investments that may never have the chance to produce the expected returns.

In light of the data presented and the mechanisms-based approach, it could be said that resource scarcity and uncertainty are key elements in the way Angel experiences refugee status; she lacks the resources to invest in larger projects and is not able to perceive the opportunities they carry. For Angel, refugee status matters because it introduces de facto barriers, such as uncertainty, that appear to trap her in a cycle of underdevelopment. She lacks the resources to perceive profitable opportunities, and even when resources are supplied, uncertainty constrains their productive use.

Quantitative data seems to suggest that refugee status matters. I argue that it matters not only because of the behaviour differences observed in the budget experiment. It also does not seem to only matter because of the legal entitlements and freedoms that refugees are granted in Uganda. Instead, evidence seems to support the idea that refugee status matters because the institution carries different sets of structural features that are internalized by refugees and subsequently influence their behaviour. In practice this suggests that legal freedoms and humanitarian aid are not enough to pull Angel out of a cycle of underdevelopment. It would seem to indicate that humanitarian aid and legal entitlements need to be accompanied by enabling features, like security. Providing insurance mechanisms through buyback programs and vouchers may encourage the productive use of resources without fear of loss. Certain humanitarian agencies, like Medical Aid, feature buyback programs for the equipment used in disaster relief. The Medical Aid program recycles humanitarian materials and offers benefits to recipients after the emergency has subsided. This may be a viable model in the UNHCR's transition from the provision of basic needs to development assistance for refugees (De Vriese, 2006).

The mechanisms described in this study explain the process by which refugees internalize structural features that seem to constrain their economic productivity. The process acknowledges individual variations that occur within larger behavioural trends; the optimistic and pessimistic participants both spread their investments evenly across items on the budget survey, but did so with different processes. What is important is that both sets of participants appear to arrive at the same behavioural outcome. Refugees vary as much as non-refugees, but certain structural features seem to condition specific behavioural outcomes, even if they are explained through different mechanisms.

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