Still in Search of Work

Creating Jobs for Syrian Refugees: An Update on the Jordan Compact

International Rescue Committee | April 2018

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Table of Contents

COVER: Nurse Hiba works at a mobile health clinic operated by the IRC. The clinic helps Syrian refugees in an informal tented settlement close to the Syrian border. The refugees in the area are mostly from Hama, Syria, and their most common health problems are diabetes, hypertension and colds. Ezra Millstein/IRC

OPPOSITE: Um Laith arrived in Jordan's Zaatari refugee camp with her husband and three of their children in 2013. After she received an IRC start-up grant, she purchased three beehives and started producing honey. Timea Fauszt/IRC

For privacy reasons, the names of individuals featured in this document may have been changed.

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INTERNATIONAL RESCUE COMMITTEE

Executive Summary

The Syrian refugee crisis is the largest refugee crisis of our time. The Syrian war, now entering its eighth year, has displaced more than 11 million Syrians—5.6 million of which have fled in search of a safer and more stable life outside of Syria's borders. Today, Jordan is home 1.3 million Syrians, including more than 655,000 registered refugees, who are trying to recover and rebuild their lives.

In February 2016, as the number of displaced Syrians started to peak, the international community gathered in London to discuss a collective and more robust response to the regional crisis. A core outcome of the conference was the Jordan Compact—an agreement between the Jordanian Government, the World Bank, and the European Union—to improve the lives and livelihoods of Syrian refugees and vulnerable Jordanians.

The International Rescue Committee has been closely following the Jordan Compact, identifying lessons from its implementation that can help ensure the Compact—and similar agreements now being made elsewhere—leads to improvements in people's lives. Our 2017 report, *In Search of Work: Creating Jobs for Syrian Refugees: A Case Study of the Jordan Compact*, found progress towards improving economic opportunities for refugees and vulnerable Jordanians was slow and uneven in the Compact's first year of implementation.

This policy brief takes stock of progress of the Compact implementation two years on. It highlights new obstacles and ongoing ones, and notes the important headway Jordan and its partners have made in expanding livelihoods opportunities for Syrian refugees.

Although we are still unable to say that Syrian refugees and Jordanians are better off today than when the Compact was agreed, the Jordanian government has made ambitious and important policy decisions over the last year that could drive better outcomes moving forward. From amendments to the work permit process to a proposed expansion of a trade deal with the European Union, Jordan remains committed to supporting refugees' livelihoods and ensuring they have a path to self-reliance.

This brief focuses on recommendations for the Jordanian government and its local and international partners to ensure that more sustainable job opportunities are generated and the needs of both Syrian refugees and Jordanians are met. It calls on the Government to reform its business formalization process and open more sectors in which Syrian refugees can work; on the EU to expand its trade agreement; on the World Bank to lead on more robust monitoring and accountability; and on all partners to make more concerted efforts to improve gender inclusion.

OPPOSITE: Aysha and Abdullah fled from the region of Damascus, Syria. When their neighbors in Mafraq, Jordan, order food and sweets, they prepare them together at home. *Timea Fauszt/IRC*

Introduction

Jordan hosts more than 1.3 million Syrians, including 655,500 registered refugees, the vast majority who arrived more than four years ago.[1] Around 516,000 (79 percent) of these refugees live in urban and rural areas of Jordan, while the remaining 141,000 (21 percent) live in camps. The costs of hosting refugees is high: since its onset in 2011, the direct cost of the Syria crisis on Jordan has been nearly $10.3 billion.[2]

In February 2016, at the peak of the displacement crisis, international actors gathered in London to discuss a collective and more robust response to the regional crisis. One outcome of the conference was the Jordan Compact—an agreement between the Jordanian Government, the World Bank, and the European Union—for improving the lives and livelihoods of Syrian refugees and vulnerable Jordanians.

A core component to the Compact was to promote sustainable livelihoods for refugees and hosts, with the support of $300 million in grants and low-interest rate loans through the Global Concessional Financing Facility—a new mechanism for mobilizing concessional financing for middle-income countries hosting a large number of refugees.

In addition to financing, the EU committed to relax its Rules of Origin to support access of companies operating in Jordan to the EU market. Companies in Special Economic Zones (SEZs) and employing 15 percent of its workforce as refugees could benefit from this trade deal. Jordan also committed to issue up to 200,000 work permits to Syrian refugees.

In its first year, progress towards improving economic opportunities for refugees and vulnerable Jordanians through implementing the Jordan Compact was slow and uneven. This reflected the time it takes to implement a new partnership model and for policy changes to have impact, as well as the structural and economic challenges—such as high unemployment and low growth—that Jordan had been facing prior to the Syrian crisis, and which have only been exacerbated by it.

In our assessment (see In Search of Work, 2017), we found a number of important needs and constraints specific to Syrian refugees were inadequately addressed in early implementation of the Compact. Further, with respect to its focus areas, the Compact could have better aligned efforts with refugees' experiences, including with work permit and business formalization processes and the specific vulnerabilities that women face in search of work.

LEFT: Marwa wants to be a pilot. To help her reach her goal, the young Syrian woman was invited to the Ayla Aviation Academy. *Kaity Kawar/IRC*

This policy brief takes stock of progress of the Compact in its second year of implementation. It highlights new obstacles and ongoing ones, and also notes the important headway Jordan and its partners have made to expand livelihoods opportunities for Syrian refugees.

As outlined below, in 2017, the Jordanian government, with support of the international community, made critical policy changes to the work permitting process, including its extension to refugees living in camps and delinking permits from employers in some sectors.

However, other barriers appear to be slowing down the generation of livelihoods opportunities for refugees and Jordanians alike; these include restrictions on refugees' ability to own, register and run small and home-based businesses and to access financial services, and a lack of refugee voices in decision-making around policies and programming. The impact of International Monetary Fund austerity measures also seems to be counterproductive to making progress.[3]

This brief offers recommendations for how Jordan and its partners can overcome these constraints and foster the creation of more sustainable economic opportunities and improve people's livelihoods moving forward.

ABOVE: Hala, a Syrian refugee, and Safa'a, a Jordanian who had been living in Syria, fled to Jordan in 2012. The two women met at a plumbing course and, with help from the IRC, started their own business. *Timea Fauszt/IRC*

Progress on Implementing the Jordan Compact in Year 2

Can we say Syrian refugees and Jordanians are better off today than two years ago? In short: not yet. Poverty levels remain high; about 86 percent of refugees live below the poverty line.[4] Overall unemployment rates have continued to rise, now standing at 18.5 percent, with peaks of 30 percent among women (highest in the region) and 36 percent among youth.[5]

The most vulnerable Syrians and Jordanians remain heavily reliant on cash assistance, and many families resort to negative coping strategies, such as child labor and early marriage, to meet their basic needs. Although the World Bank, Jordanian government and UNHCR are working to collect and track these types of wellbeing indicators among refugees and host populations, current reporting mechanisms like the GCFF annual report do not yet capture the impact or outcomes of the Jordan Compact.

Despite this dire outlook, the Jordanian government has made ambitious and important policy decisions over the last year that could drive better outcomes looking ahead (see Timeline of Policy Changes). From amendments to the work permit process to a proposed expansion of its trade deal with the European Union, Jordan remains committed to supporting refugees' livelihoods and ensuring they have a path to self-reliance.

Legal Stay

The Government of Jordan recently introduced new pathways for refugees to legally stay in the country. Starting in March 2018, refugees who were not previously registered with UNHCR will be allowed to obtain a Ministry of Interior (MoI) card and legally stay in Jordan, including outside of camps.

Affordable healthcare: A critical ingredient to improving livelihoods

Perceptions on affordability of health care amongst Syria refugees are negative, with 76 percent of the Syrian refugees interviewed at IRC health clinics indicating they are unable to pay the new cost of public health care. In November 2014, a government's decision ended Syrian refugees' access to free health care in public facilities. The majority of registered Syrian refugees started to obtain health care with a subsidized rate of about 35 to 60 percent of what non-Jordanians pay—or the 'foreigners' rate'. In 2016 and 2017, under this subsidized regime, 40 to 45 percent of household income was still being spent on healthcare.

In January 2018, the Government announced a new decision stipulating that Syrian refugees have to pay 80 percent of the foreigners' rate when they seek any public health service provided by the Ministry of Health. This latest decision is poised to be the single most impactful policy change affecting refugee vulnerability and coping mechanisms since the start of the crisis. It will exclude refugees from the public health system at a time when the few affordable alternatives, such as those provided by the UN and NGOs, are scaling down due to insufficient funding.

Increasing the cost of healthcare will undermine refugee self-reliance, forcing more refugees into greater debt and towards riskier coping strategies like transactional sex, early/forced marriage, and child labor. Syrian refugees have limited livelihoods options and are already struggling to meet the basic needs of their families; this new health policy will only exacerbate their vulnerability.

This regularization effort, which is estimated to impact 30,000 to 50,000 Syrian refugees, can have the benefit of greater protections for refugees who were previously living underground, and improve their access to basic services and jobs. However, the government has undermined its own efforts by revoking subsidized health care benefits for refugees; as compared to 2017, refugees will pay two to five times more for health care (see Box "Affordable Healthcare" for more details).

Work Permits

By end of 2017, 83,507 work permits had been issued, allowing Syrian refugees to work in specific sectors. This is a significant jump from the 37,000 work permits issued in the first year and demonstrates progress towards the Government's promise of issuing 200,000 work permits. However, this top-line number does not tell the full story.

First, many of these work permits are reissued permits rather than new ones. Second, only an estimated 40,000 of the permits are in active use.[6] This means the total number of permits does not represent an equal increase in the number of jobs obtained by refugees. Third, only 3,485 (4.17 percent) of permits have gone to women; the remaining 80,022 have been obtained by men, reflecting the ongoing challenge of women getting work permits to access safe and decent jobs that match their skills.

The Government of Jordan has made strides in relieving the constraints for Syrian refugees to obtain a work permit. A key challenge the IRC identified in the first year of the Compact was that work permits were tied to a single employer, yet refugees relied on a portfolio of work rather than a single formal job to patch together their incomes.

In 2017, the Government delinked work permits from a single job or employer in the construction and agriculture sectors, enabling refugees to have more than one job in addition to enabling them to leave an exploitative job without losing their work permit, if needed. Furthermore, the Ministry of Labour made it possible for refugees in camps to work formally in cities across Jordan. In-camp refugees with a valid work permit can leave the camp for up to one month and access available jobs throughout the country.[7]

Employment Opportunities

Efforts have been made to generate more job opportunities for Syrian refugees and Jordanians, though unemployment rates have risen. Several new subsectors in construction and agriculture were opened to Syrian refugees, although many sectors where Syrians have skills, such as in education, medical and business management, remain closed to non-Jordanians. The expansion of job opportunities are largely for unskilled laborers; high skilled Syrian refugees continue to struggle to find formal employment opportunities.

Investments in the Special Economic Zones (SEZs) have still not led to significant benefits for Syrians or Jordanians. Although uptake and impact were expected to take some time, only four companies have qualified for the relaxed Rules of Origin and trade rules with Europe, and it took more than one and a half years for the first shipments to be exported to Belgium, Cyprus, Spain, and Hungary. Companies within the SEZs have not attracted enough laborers for a number of reasons, but primarily because they are too far from where refugees live—cost and safety of transportation and child care needs have not yet been adequately addressed.

RIGHT: Za'atari Refugee Camp. Over 140,000 – or 21 percent – of all registered Syrian refugees in Jordan live in camps.
Kaity Kawar/IRC

Working with the private sector in Jordan

The private sector can play a critical role in supporting employment opportunities for both Jordanians and Syrians. The IRC works with local and international companies to provide employment and self-employment opportunities, including exploring new models of work such as business process outsourcing.

To test the potential of business process outsourcing for vulnerable populations (also known as "impact sourcing"), the IRC conducted a small-scale pilot of Syrian and Jordanian youth completing outsourced tasks from Western Union.

Findings from the pilot indicate that both refugees and Jordanians have the skills and motivation to complete tasks successfully, but that additional investment is needed to ensure a pipeline of demand for work and to find suitable local and international partners. With a strong technology sector in Jordan, business process outsourcing could provide an additional avenue for employment.

The private sector is a critical driver of employment opportunities in the country, but incentives for investment are weak. Recognizing that restricting the Rules of Origin agreement to companies only within the SEZs was not sufficient, the Government has recently proposed expanding the agreement to companies outside the SEZs that meet the refugee employment threshold of 15 percent. This would be a promising shift, but will require a close watch to determine if it has an impact on generating more job opportunities. Without active and meaningful engagement from the private sector, little can be achieved in terms of increasing the pool of jobs.

The gig economy is one area that appears worth exploring further as a way to generate more job opportunities. Gig (or on-demand) work could help meet the unique challenges Syrian refugee women face, from restrictions on travelling alone or working in gender integrated work spaces to providing more flexible work options. Gig work would enable refugee and Jordanian women to work from home or within their local communities, and in sectors in which they have experience, such as beauty, catering, and domestic work.

However, regulations around the gig economy are unclear; neither the Jordan Compact nor subsequent policy decisions have indicated whether a work permit is required for gig work. There are also important risks to consider with gig work, including working conditions, safety, and benefits. Limited digital connectivity and digital literacy may also limit the ability of Syrians to engage in the gig economy.[8]

Business Formalization, Entrepreneurship and Financial Inclusion

Formalization of home-based and other businesses has been identified as a solution that could overcome the concerns and barriers many Syrian refugees face to employment. For instance, the flexibility to work from home could address some of the safety and cultural concerns experienced by women in particular. Home-based businesses also have relatively low up-front costs when compared to opening a micro or small business; the burden of upfront costs is often also a major barrier for vulnerable entrepreneurs to starting their businesses. Refugees bring with them a variety of value add products and services in demand in local Jordanian markets; many home-based businesses IRC supports sell to larger Jordanian retailers further supporting diversity and quality in local markets.

In October 2017, the Jordanian government released new regulations for Jordanian-owned home-based businesses. While these new regulations have created new pathways for the formalization and legality for Jordanian-run home-based businesses, they have simultaneously created a legal framework that Syrian refugees are unable to comply with.

Although the regulations technically allow Syrian's to register for a business in the intellectual sector (e.g., mobile maintenance, interior design, and consulting), the Government still prohibits their registration. The Government has pointed to concerns of security around foreign-owned businesses and competition with Jordanian businesses as reasons for this policy. In addition, the Jordan Response Plan for 2017 to 2019 capped its appeal at a mere $4.2 million in 2017 to support Syrian home-based business[9], and subsequent approvals for NGO projects in this area

were put on hold in December 2017. This has decreased the already fleeting options Syrians have for sustainable, safe income generation in Jordan.

Finally inaccessibility of financial services to refugees is also a barrier to business formalization and growth; refugees are unable to meet requirements necessary for savings accounts or loan products. While some financial institutions have begun to design products for refugees, including micro fund institutions, uptake has been slow.

Prior to the release of these regulations, home-based businesses were running under the guise of legal ambiguity as part of Jordan's large informal economy; a lack of clear regulation allowed Syrians and Jordanians to run their businesses, albeit with some risk of legal consequence.

The emergence of these bylaws have officially made Syrian home-based businesses illegal and given the Government an opening to target them and shut them down. Refugees now fear heavy fines, arrest and to possibly even forced relocation to refugee camps, if they are caught running a home-based business.

BELOW: Manal is Jordanian, her husband, Abu Nabeel is Syrian. The couple runs an upholstery business where they produce and prepare fabrics and small furniture. The family fled from the region of Damascus, Syria, and found refuge in Irbid, Jordan. Irbid is located about 70 km north of Amman and 20 km south of the Syrian border. *Timea Fauszt/IRC*

Recommendations

There is still no sign that the Syria crisis, now in its eighth year, will abate in the near term. Even when the conflict does end, it could take years before Syrians will be able to safely return home. Medium to longer term solutions that allow Syrians refugees to live in safety and with dignity, and to rebuild their lives and thrive among host communities, is both the right and smart thing to do.

When refugees are able to work and make a decent income, they will be able to not only meet their own needs, but also contribute to local economies and communities. The Jordan Compact is an innovative mechanism through which Jordan, donors and other partners have made some important progress, but more needs to be done to secure the livelihoods of refugees and vulnerable host communities.

Lessons learned as the Jordan Compact is implemented should not only feed into the policy, partnership and programmatic changes needed to drive impact in Jordan moving forward, but also inform ongoing global policy-making, such as in the Global Compact on Refugees. To catalyze progress, the IRC makes the following recommendations.

The **Government of Jordan** should:

1. Revisit the closed sector professions list and open space for Syrian refugees to work in additional sectors, such as in the education, medical, business, and wholesale sectors.
2. Remove restrictions on work permits that limit freedom of movement for refugees in Azraq camp village 5.
3. Provide simple and safe procedures for refugee business ownership, registration, inspection and taxation, and improve refugees' access to finance. This should include relaxing restrictions on refugee home-based businesses.
4. Waive healthcare fees for refugees to improve access to primary health care and community-based health services and avoid spiraling household debt.
5. Commit to explore policies that will enable safe and decent jobs for Syrian refuges and Jordanians in the gig economy.

All **donors** should:

6. Invest in supporting Syrian and Jordanian entrepreneurs, such as through business startup grants.
7. Support the private sector through business peer support (e.g., broker connections and visits by multinational corporations and local companies).

Specifically,

8. The EU should extend the geographic coverage of the relaxed rules of origin eligibility beyond the Special Economic Zones.
9. The World Bank should utilize its joint data center with UNHCR to support more robust monitoring of the impact of the compact and to ensure greater accountability for generating outcomes—including increase in incomes and poverty reduction—for Syrian refugees and Jordanians.

All **partners** should:

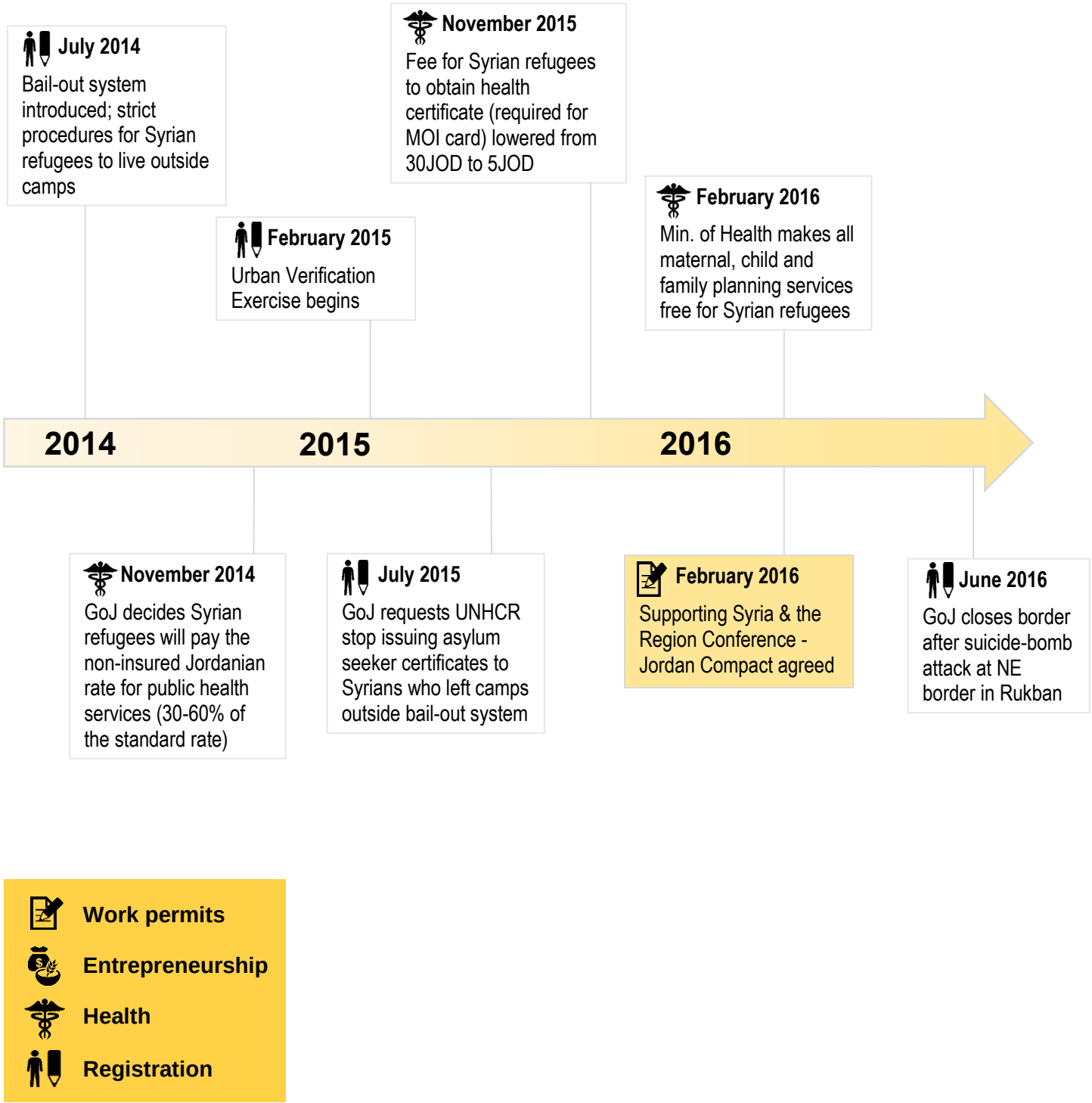
10. Implement a process to systematically consult refugees to ensure interventions are responsive to refugees' constraints and needs.

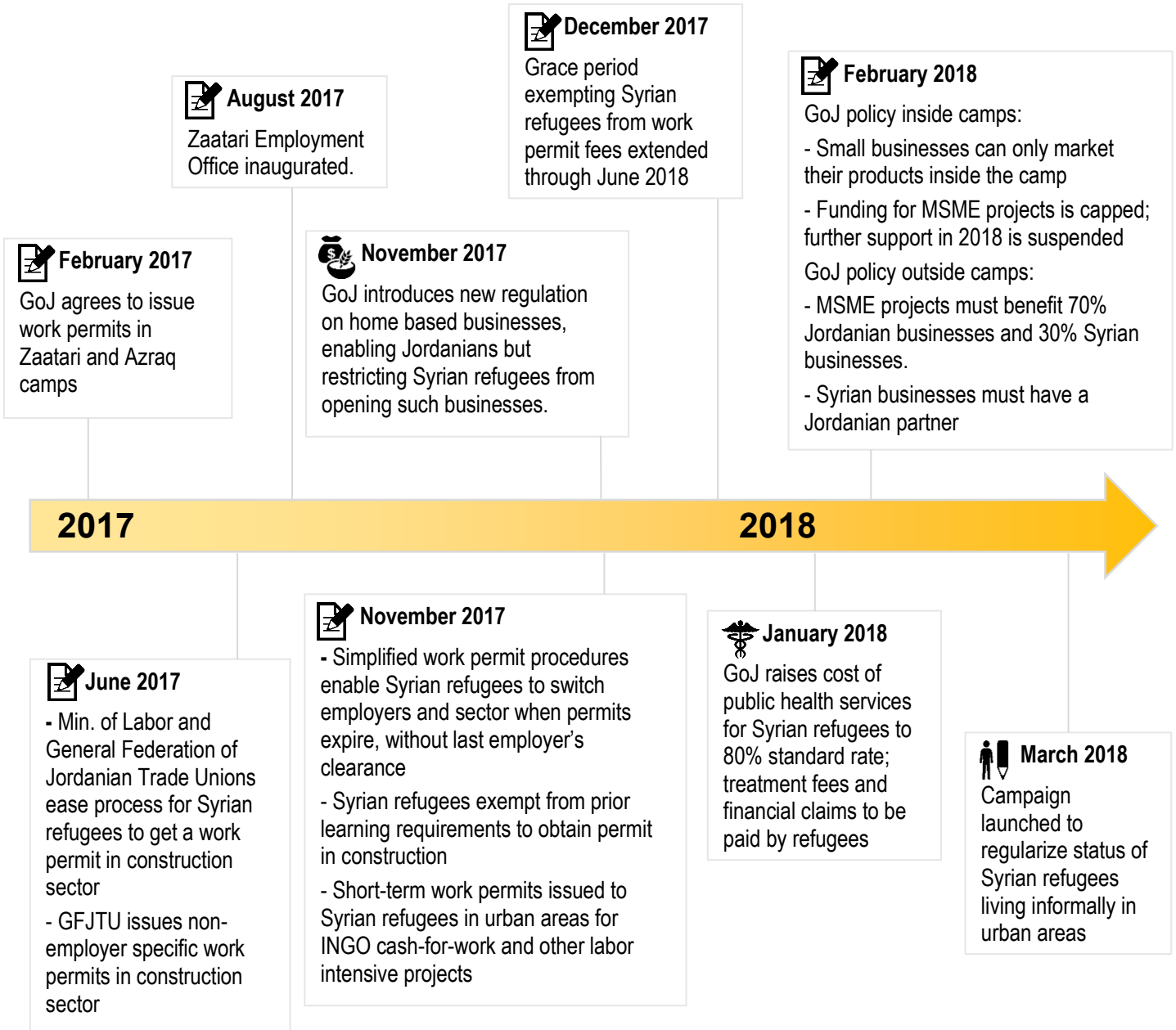
11. Make concerted efforts toward gender inclusion and improvements of women's participation in the formal economy, including through allowing women to own and run home-based businesses, access financial services and through ensuring more formal jobs meet gender-specific needs (e.g. female management, affordable childcare).

12. Continue to provide cash support for the most vulnerable families, in the absence of refugees' ability to access consistent and reliable income and financial support.

BELOW: Community Health Volunteers visit a Syrian refugee family in outskirts of Irbid, Jordan. *Timea Fauszt;/IRC*

Timeline of Key Policy Changes




February 2017
GoJ agrees to issue work permits in Zaatari and Azraq camps
August 2017
Zaatari Employment Office inaugurated.
November 2017
GoJ introduces new regulation on home based businesses, enabling Jordanians but restricting Syrian refugees from opening such businesses.
December 2017
Grace period exempting Syrian refugees from work permit fees extended through June 2018
February 2018
GoJ policy inside camps:
- Small businesses can only market their products inside the camp
- Funding for MSME projects is capped; further support in 2018 is suspended
GoJ policy outside camps:
- MSME projects must benefit 70% Jordanian businesses and 30% Syrian businesses.
- Syrian businesses must have a Jordanian partner
2017
2018
June 2017
- Min. of Labor and General Federation of Jordanian Trade Unions ease process for Syrian refugees to get a work permit in construction sector
- GFJTU issues non-employer specific work permits in construction sector
November 2017
- Simplified work permit procedures enable Syrian refugees to switch employers and sector when permits expire, without last employer's clearance
- Syrian refugees exempt from prior learning requirements to obtain permit in construction
- Short-term work permits issued to Syrian refugees in urban areas for INGO cash-for-work and other labor intensive projects
January 2018
GoJ raises cost of public health services for Syrian refugees to 80% standard rate; treatment fees and financial claims to be paid by refugees
March 2018
Campaign launched to regularize status of Syrian refugees living informally in urban areas

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The International Rescue Committee (IRC) responds to the world's worst humanitarian crises and helps people to survive and rebuild their lives. Founded in 1933 at the request of Albert Einstein, the IRC offers life-saving care and life-changing assistance to refugees forced to flee from war, persecution or natural disaster. At work today in over 40 countries and 29 cities in the United States, we restore safety, dignity and hope to millions who are uprooted and struggling to endure. The IRC leads the way from harm to home.

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