

IMPROVING THE ECONOMIC LIVELIHOOD OF SYRIAN REFUGEES IN JORDAN

APPLIED POLICY PROJECT
PREPARED FOR THE REFUGEE INVESTMENT NETWORK



FATIMA, 37, CURRENTLY EMPLOYED AT JERASH GARMENTS & FASHION IN AMMAN, JORDAN
SOURCE: HOWDEN, D. et al. (2017)

STEPHANIE DAVIS
FRANK BATTEN SCHOOL OF LEADERSHIP AND PUBLIC POLICY
UNIVERSITY OF VIRGINIA

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ACKNOWLEDGEMENTS

I would like to thank everyone that has assisted with this project. Thank you to my advisor, Professor Kirsten Gelsdorf, for all of your assurance and guidance throughout this process. Your feedback and recommendations helped develop this analysis into a thoughtful and thorough final report. Thank you to John Kluge, Founder of the Refugee Investment Network, for allowing me to explore this topic and contribute to the RIN's mission. Lastly, I would like to thank my classmates – Amanda Pickens, Kay Khosbayan, and Ruhama Yared – for their time, edits, and comments on each draft of my final report.

CLIENT: THE REFUGEE INVESTMENT NETWORK

The RIN is the “first investment and blended finance collaborative dedicated to creating long-term solutions to global forced migration” (Kluge, et al., 2018). By 2030, they aim to generate \$1 billion in investment deals to improve the livelihood of refugees and their host communities (Refugee Investment Network, 2018).

Mission: To bridge the gap between the untapped entrepreneurial potential of refugees and capital markets to spur economic growth, create jobs, and increase socio-economic stability among displaced people (Refugee Investment Network, 2018).

DISCLAIMER

The author conducted this study as part of the program of professional education at the Frank Batten School of Leadership and Public Policy, University of Virginia. This paper is submitted in partial fulfillment of the course requirements for the Master of Public Policy degree. The judgments and conclusions are solely those of the author, and are not necessarily endorsed by the Batten School, by the University of Virginia, the RIN, or by any other entity.

HONOR CODE

On my honor, I have neither given nor received unauthorized aid on this assignment



TERMS

Blended Finance: The use of public or philanthropic capital to increase private sector investment in refugee impact deals (Kluge, et al., 2018).

Financial Service Providers: A business or organization that offers financial or intermediary services (Real People Assurance, 2018).

Microfinance: Credit provided to unemployed or low-income individuals (or groups) that would otherwise have no other access to financial services (Kagen, 2018).

Jordan Investment Committee: National agency tasked with generating and managing foreign investment under the Jordan's Hashemite Kingdom (Jordan Investment Committee, 2019).

Refugee: An individual that has been forced to flee his or her country because of persecution, war or violence ("Refugee Facts," 2019). The RIN defines the investment market for "refugees and forced migration" – inclusive of those forcibly displaced internally and forced across border by violence, persecution, and natural disasters (Kluge, et al., 2018).

Special Economic Zone: An area in a country that is subject to unique economic regulations that differ from other regions of the same country (Barone, 2019). These regulations are often in the form of tax incentives.

ACRONYMS

EU: European Union

FDI: Foreign Direct Investment

FSP: Financial Service Providers

GoJ: Government of Jordan

JIC: Jordan Investment Committee

JoMoPay: Jordan Mobile Payment

MFI: Microfinance Institute

PSP: Payment Service Provider

RIN: Refugee Investment Network

SEZ: Special Economic Zone

SME: Small and Medium-Sized Enterprises

UNHCR: United Nations High Commissioner for Refugees

WANA: West Asia-North Africa Institute

EXECUTIVE SUMMARY

Jordan hosts 89 refugees per 1,000 Jordanian citizens – the second highest share of refugees per capita in the world (“Jordan Fact Sheet,” 2018). Eighty-seven percent of these refugees are from Syria. Enacted in 2016, the Jordan Compact is the country’s first attempt at integrating Syrian refugees into the formal labor market. Most noticeably, the Compact promised to facilitate new job opportunities and issue 200,000 work permits (International Rescue Committee, 2018). These promises continue to fall short. In June 2018, less than 50,000 work permits had been administered (International Rescue Committee, 2018). Syrian refugees also face poor living conditions and discriminatory barriers to entry across various market sectors in Jordan.

The Government of Jordan (GoJ) continues to amend the Compact’s provisions to improve refugee integration. However, they are struggling to fund and enact sustainable and effective solutions. Jordan’s market sector industries are currently unable to absorb not only incoming Syrian refugees, but also new Jordanian market entrants. Unemployment and poverty rates continue to remain high among both groups. More specifically, 24% of Syrian refugees are unemployed and 80% live below the poverty line (Alhajahmad, 2018). Lack of access to credit augments and defines a majority of the barriers that Syrian refugees currently face.

This report proposes three alternatives to improve the livelihood of Syrian refugees in Jordan. These alternatives are:

- 1. Provision of Affordable Housing in Special Economic Zones (SEZs)**
- 2. Microfinance Loan and Job Training**
- 3. Small and Medium-Sized Enterprise (SME) Financing**

Each alternative was evaluated using three criteria: (1) feasibility (political and administrative), (2) cost-effectiveness, and (3) community impact. Cost-effectiveness projects the anticipated monetary costs per refugee, while feasibility and community impact received a qualitative score of “low,” “medium,” or “high.” A final summary outcome matrix is included on page 20.

My analysis found the second alternative – Microfinance Loan and Job Training - to be the most effective at improving the livelihood of Syrian refugees and low-income Jordanians. Although this is not the most cost-effective alternative, it will facilitate the most direct access to credit (in relation to risk) and have the greatest economic impact on Syrian refugees and the larger Jordanian community. Therefore, I propose that the RIN implement this alternative throughout three governorates in Jordan: Mafraq, Irbid, and Amman.

PROBLEM DEFINITION

Jordan hosts 89 refugees per 1,000 Jordanian citizens – the second highest share of refugees per capita in the world (“Jordan Fact Sheet,” 2018). Of Jordan’s total refugee population, 87% are Syrian refugees (“Jordan Fact Sheet,” 2018). Syrian refugees face poor living conditions, a lack of job opportunities, and discriminatory barriers to entry across various market sectors in Jordan. Government and public entities are currently struggling to fund and support sustainable refugee integration efforts. This project aims to develop pathways in which the Refugee Investment Network can facilitate private investment opportunities to improve the economic livelihood of Syrian refugees in Jordan.

BACKGROUND

Jordan’s population includes refugees from Syria (658,000), Iraq (66,000), Yemen (11,000), Sudan (4,000), Somalia (800), and various other countries (1,600) (“Jordan Fact Sheet,” 2018). While there are three primary United Nations High Commissioner for Refugee (UNHCR) settlements available to house refugees, over 80% of refugees have elected to live in Jordan’s urban areas (“Jordan Fact Sheet,” 2018). A recent survey found that a majority of Syrian refugees do not anticipate returning to Syria in the near future (MicroFinanza, 2018). Therefore, the RIN’s efforts should focus on facilitating the social and economic integration of Syrian refugees into the Jordanian community.

The following sections provide research to support refugee investments in Jordan. Three alternatives are proposed to address the persistent lack of access to credit and employment opportunities for Syrian refugees. These alternatives will be evaluated based on three criteria - feasibility, cost-effectiveness, and community impact.

WHY INVEST IN REFUGEES?

Common assumptions often assert that refugees are high-risk clients, as they are temporarily displaced, have no assets, and are dependent on aid. (Pistelli, 2017). These assumptions are often incorrect. When host countries enable refugees to seek employment and begin work upon arrival, they can expect to see economic returns. The employment of refugees has been shown to create jobs, raise the productivity of local workers, boost innovation, and stimulate international trade and investment (Legrain, 2016). For example, in Turkey, the influx of Syrian refugees has increased wages among formal jobs. This has allowed Turkish workers to upgrade their occupation and raise their average wage (Ximena et al., 2015). A study of 26 employers also found refugees to have a 73% higher job retention rate than other employees (Kallick, et al., 2018). This results in lower turnover rates and hiring costs (Kallick, et al., 2018). However, it is important to note that studies on this topic remain limited and a sample size of 26 employees may be too small to capture an accurate retention rate.

Nonetheless, innovative solutions are increasingly being deployed to aid in the successful integration of refugees among host countries. Ongoing projects also demonstrate the growing interest of donors and investors. To date, blended finance has mobilized over \$126 billion in capital towards global sustainable development (Convergence, 2018). Going forward, the RIN has the opportunity to engage with these investors to improve the lives of Syrian refugees in Jordan.

WHY JORDAN?

Jordan has placed increasing emphasis on expanding its formal sector's economic growth in recent years. Barriers to employment have historically encouraged refugees to seek employment in the informal sector. However, recent laws in Jordan have increased the punishment – detention, confinement to a refugee camp, or deportation – for individuals that are caught working in the informal sector (Leghtas, 2018). Employing a non-Jordanian without a valid work permit can also result in a fine between 200-500 JOD (280-700 USD) (Leghtas, 2018). Therefore, all proposed alternatives will operate under the assumption that the formal sector is the preferred job market.

Despite slow economic growth in recent years, the 2018 U.S. Investment Climate Statement found the general outlook for foreign investment to be favorable in Jordan, as Foreign Direct Investments (FDIs) increased 19% in 2017 (“Jordan,” 2018). This increase can be attributed to the numerous steps Jordan has taken to encourage foreign investment and create an outward-oriented, market-based economy. These initiatives include, but are not limited to the following laws and treaties:

- The 2014 Public Private Partnership and Investment Law: heightens the private sector's stake in Jordan's overall economic activity and ensures that foreign and local investors receive equal treatment (“Jordan,” 2018).
- The United States' Bilateral Investment Treaty: guarantees U.S. investors the same treatment as Jordanian nationals by allowing them to maintain 100 percent ownership of certain businesses (“Jordan,” 2018).
- Streamlined procedures to register and license new investment projects for the Jordan Investment Committee (JIC) (“Jordan,” 2018).

These recent regulations, in addition to the passage of the 2016 Jordan Compact, have opened the window of opportunity for foreign and private investment into the Jordanian economy.

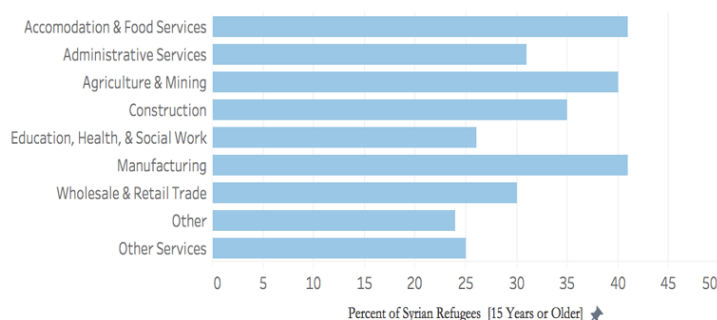
THE JORDAN COMPACT

The GoJ, the European Union (EU), and the World Bank enacted the 2016 Jordan Compact in an effort to integrate Syrian refugees into the local economy (Barbelet, 2018). Prior to this agreement, Syrian refugees had no legal right to work. In turn, the Compact promised to issue 200,000 work permits, provide schooling for all Syrian children, and facilitate some vocational training (Barbelet, 2018). The EU also agreed to relax trade regulations in SEZs if businesses' employed 15% Syrian refugees in their total workforce (Barbelet, 2018). To date, the Compact continues to be amended to make industry sectors more inclusive and to improve the formal integration of Syrian refugees into the labor market.

Nonetheless, as of June 2018, fewer than 50,000 Syrian refugees had active permits. Less than 4% of these work permits were granted to women (International Rescue Committee, 2018). High rent and cost of living, lack of childcare, minimal transportation, a gap in vocational training, and the barriers placed on female employment are additional challenges that inhibit a refugee's ability to work in Jordan (Leghtas, 2018). The Compact also restricts which industry sectors can administer work permits. However, this does not mean that these industries successfully grant work permits to every Syrian employee (Figure 1). Noticeably, manufacturing currently has the highest percentage of employed Syrian refugees, with an even distribution of males and females (Figure 2).

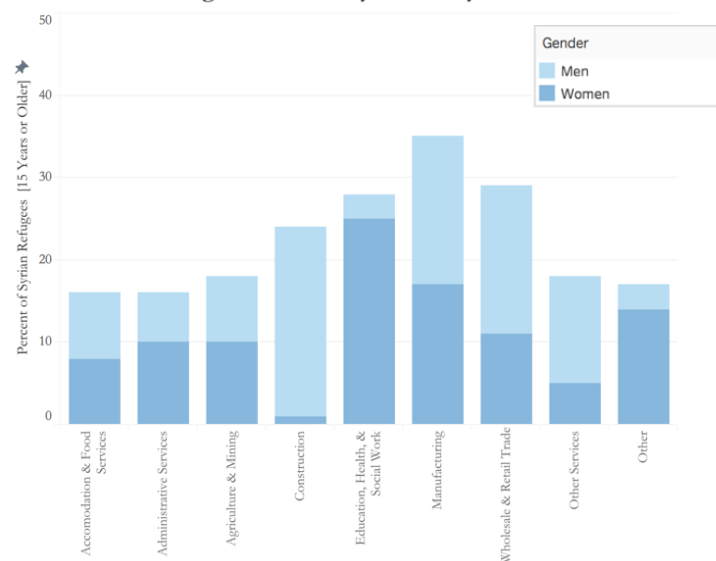
In 2017, the Compact was amended to allow Syrian refugees to register home-based businesses for the first time. However, this option often remains financially prohibitive. Registration for home-based businesses costs approximately 300 JOD, which is higher than the average monthly wage (Huang, 2019). Home-based businesses are also limited to three industry sectors: food processing, handicraft, and tailoring.

Figure 1: Access to Valid Work Permit by Industry



*All data is from the GoJ's Department of Statistics' 2017-2018 Survey

Figure 2: Industry Sector by Gender



LABOR MARKET COMPOSITION

Employment: Fifty-two percent of Syrian refugees in Jordan are above the age of 15 – Jordan's legal working age (Tiltne, 2019). The West Asia-North Africa Institute (WANA) Institute estimates that the Syrian labor force in Jordan is between 159,300 – 315,900 people (Alhajahma, 2018). This range is based on both the the GoJ's Department of Statistics and UNHCR data. The Department of Statistics also estimates a net job creation of 50,000 jobs per year, with 60,000 new market entrants per year (Tiltne, 2019). Therefore, without even accounting for Syrian refugees, the Jordan economy is not able to absorb Jordanian citizens entering into the job market (Alhajahma, 2018).

Current levels of consumption, industrial investment, and government spending directly relate to the number of jobs created during a given year (Alhajahma, 2018). In a scenario in which there is no additional investment (either by the government or private sector), GDP growth is estimated to remain around 2.6% with a mere 102,492 jobs created by 2020 (Alhajahma, 2018). This growth is neither enough to sustain the estimated 120,000 new Jordanians entering the market in the next two years, nor the increasing number of Syrian refugees seeking employment in the formal sector. As a result, the unemployment rate for Syrian refugees is approximately 24%. This is not much higher than the Jordanian unemployment rate of 18% (Alhajahma, 2018). Slow market growth and high rates of unemployment indicate that all proposed alternatives should seek to benefit both groups.

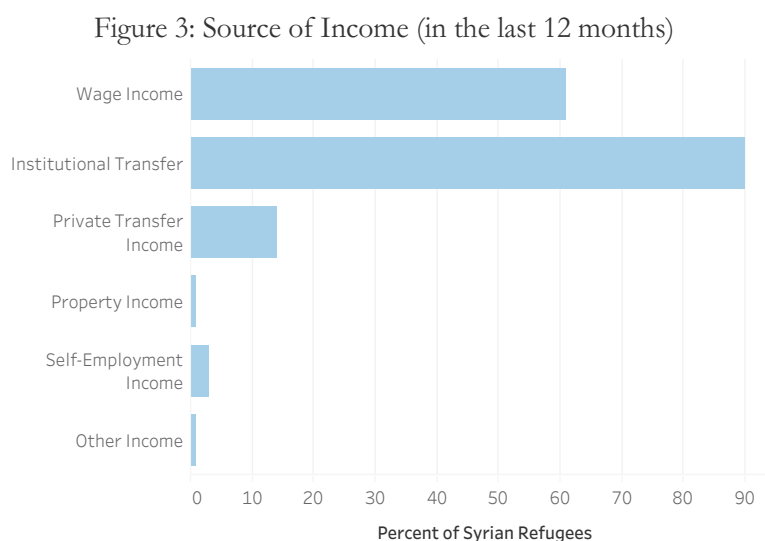
Financial Accessibility: The GoJ also does not permit refugees to access formal financial institutions. However, UNHCR registration grants access to Jordan's mobile platform, JoMoPay – up to 1,000 JOD per transaction and 5,000 JOD total accumulation (MicroFinanza, 2018). Table 1 illustrates that nearly 100% of Syrian refugees are registered through UNHCR, indicating almost complete access to mobile payments. In addition, rate of registration and access to JoMoPay does not differ

between men and women. With five Payment Service Providers (PSPs) offering mobile money services, mobile wallets have expanded to include not only transactional accounts, but also saving accounts (MicroFinanza, 2018). One limitation may be access to mobile phones; however, recent studies have found that refugee families in Jordan elect to spend 10-20% of their cash on mobile phones, prioritizing it over many day-to-day needs (Wilson, et al., 2018). In addition, mobile phone ownership is widespread – for those who do not have their own mobile phone, 47% have access via another household member (Wilson, et al., 2018). In turn, mobile payments widely serve as a “primary point of entry” for refugees, financial service providers (FSPs), and foreign direct investments (FDIs) (MicroFinanza, 2018).

Table 1 - Refugee Registration Status: Percent of Syrian Refugees by Gender

	Male (%)	Female (%)
UNHCR Proof of Registration	96	97
Service Card from the Ministry of Interior	86	86
No Refugee Identify Paper	2	2

Income: The median monthly income per Syrian refugee is JOD 250, or 352 USD (Tiltnes, 2019). This is obtained primarily through a combination of wages (61%) and institutional transfers (90%) (Figure 3). However, many refugees work several jobs or pursue short-term and temporary positions. This is because reoccurring fees, such as rent, average at 150 JOD per month - more than half the average refugees’ monthly income. As a result, seven out of ten households continually rely on more than one source of income, indicating a lack of consistent economic stability. This also explains why the data exceeds 100% in Figure 3.



*All data is from the GoJ's Department of Statistics' 2017-2018 Survey

Going Forward: As this research demonstrates, low-wages and minimal employment opportunities are inhibiting Syrian refugees’ ability to ensure stable livelihoods for themselves and their families. Private investment, led by the RIN, can help facilitate new jobs, identify entrepreneurial activity, and support refugee-inclusive businesses that benefit both the influx of Syrian refugees and the larger Jordanian community. All proposed alternatives – the provision of affordable housing, microfinance loans and job training, and SME financing – should fit within the parameters of the Jordan Compact and adhere to the RIN’s investment model (Figure 4). Evaluative criteria for each alternative will be explained in the next section.

EVALUATIVE CRITERIA

The following criteria will assist in determining the final recommendation. Each alternative will be measured on its respective feasibility, cost-effectiveness, and community impact. Criteria were selected based on data availability and client preference. The RIN must ensure that the political environment is stable for investment and that each proposed alternative fits within their investment model. Each investment should also have high returns in relation to risk and maintain broader positive implications for the local economy and community. Both quantitative and qualitative data will be used to assign a final score, which will be displayed in the outcome matrix on page 20.

FEASABILITY

This criterion will assess the degree in which each alternative will be implemented successfully. It will take into account the number of agencies or actors involved in the program's implementation and the respective interests and positions of relevant stakeholders. It is important to note that there are two components regarding the feasibility of each alternative: the political environment and the RIN's administrative oversight. Therefore, this criterion will be further divided into political and administrative feasibility in order to ensure that both aspects are given equal consideration in the analysis. Each component is explained in more detail below. The alternatives will receive a qualitative score of low, medium, or high feasibility.

Political Feasibility will address the legal framework as outlined by the JIC and the Jordan Compact. It will focus primarily on ensuring that each alternative is in accordance with current right-to-work policies. Scores of "high," "medium," or "low" will be assigned after determining the need for JIC approval and the anticipated acceptance of program initiatives.

Administrative Feasibility will be determined through application of the RIN's "refugee lens" (Figure 4). This investment model is used to assess the degree in which each alternative satisfies the RIN's requirements for any given project. The alternative will receive a score of "high" if it falls under refugee-owned, refugee-led, or refugee-supporting and "medium" if it is a refugee-supporting or a refugee-lending facility. However, additional consideration will be given to the feasibility of implementation and administrative oversight, which may also impact each alternative's final score.

COST-EFFECTIVENESS

This criterion will assess the degree in which each alternative improves the economic livelihood of Syrian refugees in relation to the size of the investment (in USD). Effectiveness will be measured by the number of refugees or program participants that are impacted by each alternative. Of the 657,628 Syrian refugees in Jordan, 52% are of legal working age (15 years) (Tiltne, 2019). This means that 341,966 Syrian refugees may be impacted by each alternative. If the investment is facilitating access to credit and/or financial opportunities, it can be assumed that a family's spending patterns would shift in a similarly positive direction.

Costs will encompass implementation and administrative costs. All costs are based on a 12-month period. The final cost-effectiveness ratio will be determined by total monetary costs divided by units of effectiveness. Full calculations are included in Appendix A.







COMMUNITY IMPACT

The unemployment rate for Jordanian citizens is approximately 18% (MicroFinanza, 2018). The RIN strongly believes that refugee investments should also positively target host communities. Therefore, this criterion will qualitatively anticipate each alternative's impact on Jordan's economy. Each alternative should aim to promote the four following measurements:

1. Regional stability: Preserve peace and minimize harm to the national interests of Jordan
2. Community trust: Protect and encourage the relationship between local communities and non-governmental organization
3. Social cohesion: Facilitate partnerships and communication between Syrian refugees and Jordanians citizens
4. Financial integration: Promote access to credit and employment opportunities in the formal market

A score of low, medium or high will be assigned to each alternative. The alternative will receive a score of "high" if it promotes three or more of the above measurements and a score of "medium" if it promotes two measurements. A low score would indicate that the alternative may increase tension in the region and/or provide no direct economic benefit to the larger Jordanian community.

Figure 4: The RIN'S "Refugee Lens"

An investment must meet the criteria of at least one of the following categories to be included as a Refugee Investment:		
Refugee-OWNED: Enterprise is at least:		A. 51% Refugee-Owned; OR B. 20% Refugee-Owned and have at least one refugee listed as a "key person" in operating documents.
Refugee-LED: Enterprise has:		A. At least one refugee in senior management (e.g., CEO, CFO or COO); OR B. A board with at least 33% refugee representation.
Refugee-SUPPORTING:		A project that provides or has the potential to provide a good or service that supports humanitarian efforts; or, an enterprise or investment that intentionally supports refugees through the development of infrastructure and services that buttress stability in disproportionately large displacement hosting cities/communities by providing infrastructure, jobs (a commitment of at least 20% of workforce), ³¹ skills, products, or services to refugees that demonstrably improve the quality of refugee self-reliance, resiliency, health, education, or inclusion in financial markets. ³²
Projects can also qualify as...		
Refugee-SUPPORTING, Host-weighted:		If they support host community businesses and the sponsor commits to adopt a policy to source at least 10% of all sub-contracting for the project from refugee-owned businesses. Deals must demonstrate either a minimum current percentage of refugee jobs or a commitment to increase their hiring within a reasonable timeframe to that level.
A Refugee LENDING FACILITY:		A debt instrument will be considered a Refugee Investment if refugee-owned/-led enterprises, refugee-supporting enterprises, or refugee borrowers will be the recipients of at least 25% of the loan proceeds.
Refugee FUNDS:		Private, alternative investment vehicles (e.g., private equity, venture capital, or portfolio structures deploying debt and/or equity) with investment strategies such as late-stage venture, growth equity, or expansion financing that have: A. A fund manager or general partner that is at least 20% Refugee-Owned or controlled; or B. Portfolio companies that are Refugee-Owned, Refugee-Led, or Refugee-Supporting (each term as described above) making up at least 33% of the vehicle's portfolio.

Source: Refugee Investment Network, (2019).

ALTERNATIVES

1. PROVISION OF AFFORDABLE HOUSING IN SEZs

The Jordan Compact recognizes the country's pre-existing Special Economic Zones (SEZs) as the primary initiative to attract FDIs. Organizations located within these zones will receive tariff-free trade and relaxed rules of origin in the EU exchange if their workforce meets the refugee employment quota of 15% (Hunt, et al., 2017). Additional benefits include tax exemptions and ready-made business infrastructure. The GoJ hopes to encourage refugee employment in SEZs with the intent to increase production and promote its own national development and economic plan. SEZs' success has primarily been identified in China, where they have contributed significantly to the total national GDP (22%) and FDIs (46%) (Zeng, 2015). However, it is important to note that China's SEZs are located near coastal regions and major cities, easily linking them to international markets.

SEZs in Jordan are often isolated and far away from urban areas where a majority of refugees live (Leghtas, 2018). This requires Syrian refugees to obtain additional and/or temporary housing in these zones in order to work for prolonged periods. However, low wages make it difficult to afford housing (Leghtas, 2018). **This alternative provides subsidized housing to Syrian refugees in two zones – King Hussein Bin Talal Development Area (KHBTDA) or King Hussein Business Park (KHBP).** Both of these zones have strong existing infrastructure, growing industry sectors (e.g. manufacturing), and are located near Mafraq and Amman respectively. KHBTDA is also located near the Zaatari refugee camp which houses more than 80,000 refugees ("Zaatari, 2018). By investing in affordable housing, the RIN will increase accessibility to SEZ job markets for Syrian refugees. Businesses are then incentivized to hire incoming Syrian refugees in order to qualify for relaxed rules of origin in the EU exchange. This will increase production and factory output, stimulating the Jordanian economy.

UNHCR currently administers the Shelter Working Group in Jordan – one of the largest cash-for-rent assistance programs. Although this program is not located in a SEZ, it illustrates the increasing demand for rent assistance. To date, the Shelter Working Group has received \$18.6 million to provide over 5,000 vulnerable Jordanians and Syrian refugee households with adequate housing options (Dupin, et al., 2018). These funds have also provided 12,544 individuals with short-term emergency cash for rent (Dupin, et al., 2018).



King Hussein Business Park
Source: Edge, World Bank Group (2019)

Case Study 1: Rent Assistance for Syrian Refugees

Catholic Relief Services

Project Duration: November 2014 – February 2015

Population Reached: 298 Jordanians and Syrian Refugees

Project Budget: \$282,778 USD

Incoming refugees have augmented the pre-existing housing crisis in Jordan – on average, rental prices have tripled. A 2014 assessment found that housing was the highest priority need expressed by Syrian refugees. Low-income Jordanians are also negatively impacted by a lack of affordable housing. In their initial evaluation, the Catholic Relief Services found monthly rent to be between 50-320 JOD (\$70-450 USD), with an average of 147 JOD (207 USD). Their program provided participants – low-income Jordanians (30%) and Syrian refugees (70%) – with monthly e-payments of 150 JOD for three months. Research assessed program effectiveness and the participants' commitment to using the funds as directed (e.g. for rent).

Results:

- A majority of program participants spent the stipend on rent, as intended
- 86.6% of program participants withdrew the funds themselves
- Program participants reported a high-level of satisfaction with the program
- Remaining money (each month) was often used to purchase food and pay utilities

Source: "Jordan: Rent Assistance for Syrian Refugees," (2015). *Catholic Relief Services*.

2. MICROFINANCE LOANS AND JOB TRAINING

Jordan has seen an increase in the number of available platforms for Microfinance Institutes (MFI) and FSPs to provide loans to refugees and low-income Jordanians. Sanad – funded by Jordan's Department of Foreign Affairs, Trade, and Development – estimates that 71% of refugee households were living in 'vulnerable' environments in 2017. Based on this estimate, the current demand for credit is estimated to be 13,000 households, which would equal roughly \$13.1 million USD (Sanad, 2017).

There are currently eight MFIs in Jordan; however, only one MFI – Microfund for Women (MFW) – serves Syrian refugees. Since 2016, the MFW has successfully reached over 4,000 borrowers (MicroFinanza, 2018). **Similarly, this alternative will provide low-income Jordanians and Syrian refugees with microfinance loans to facilitate access to credit and decrease dependency on cash assistance among Syrian refugees. The alternative would also be paired with job training to help build upon entrepreneurial activity and facilitate access to various economic sectors.**

For example, Tent Partnership for Refugees is one organization that is working to mobilize the private sector and connect refugees with international employment opportunities and financial resources. This includes hiring, purchasing from, and investing in refugees' businesses (Tent Partnership for Refugees, n.d.). One organization that partners with Tent is Genearli. Based in Germany and France, Genearli's program participants complete 6-8 months of training prior to

receiving a microfinance loan. By enabling refugees with the resources and tools to become successful entrepreneurs, the program aims to establish 500 new refugee-led businesses by 2020 (Tent Partnership for Refugees, n.d.).

The demand for training appears to be echoed throughout numerous surveys conducted among Syrian refugees. WANA reports that only 15% of Syrian refugees completed secondary school, and 80% received no training for their current or previous occupation (Alhajahma, 2018). Through extensive interviews and surveys, WANA proposed several training requirements for various sectors. For example, in textile and garment manufacturing, employees should receive three months of training and teaching (Alhajahma, 2018). While this alternative will include some industry specific training, it will also focus on business development, financial investments, and project management to encourage entrepreneurial activity.

One concern expressed over microfinance loans is the risk of investment, or average repayment rates. Ongoing microfinance projects counter this fear by illustrating the reliability of refugee investments. The Kiva World Refugee Fund is one organization that acquired \$9 million for refugees to borrow in Lebanon, Jordan, and Turkey via crowd-sourced investment and funding. To date, they have reached 8,000 displaced refugees (Leadon, 2018). Kiva found the average repayment rate to be 96.8% among refugees, which is comparable to the 96.6% repayment rate among host-country entrepreneurs (Leadon, 2018). Their reports also found that when refugees have access to formal labor markets, they continuously invest in their host communities, introduce innovative ideas, and facilitate a net gain for the local economy (Leadon, 2018).

Additional examples of successful microfinance loans can be found all over the globe. Razan Alsous fled Syria in 2012 to Huddersfield, England. In 2014, she received a startup loan of \$3,000 USD and established Yorkshire Dama Cheese (Bearne, 2017). She now successfully sells her company's cheese in shops, supermarkets, and delis nationwide (Bearne, 2017). Edin Basic lived in Bosnia until he was forced to leave in 1992 and resettle in London. In early 2000, he received a \$320,000 USD investment and co-founded Firezza (Bearne, 2017). The company expanded to 24 different locations before being sold to Pizza Express in 2016 (Bearne, 2017). This alternative would similarly identify individuals in Jordan, like Samir Hijawi who hopes to expand his own restaurant, and provide them with training and funds to improve their economic livelihood (Howden, 2017).



Top to Bottom: Razan Alsous and Edin Basic
Source: Yorkshire Post (2017); Bearne (2017)

3. SME FINANCING FOR REFUGEE INCLUSIVE BUSINESSES

Small and Medium-Sized Enterprises (SMEs) currently employ 60% of all formal jobs in Jordan outside of government positions (Jordan Strategy Forum, 2016). In comparison to microfinance loans, SME financing would identify businesses (versus individuals) that qualify as refugee-led or refugee-supporting (at least 20% of the workforce). The Jordan Compact restricts the industry sectors that can administer valid work permits – therefore, **this alternative will provide loans to SMEs that support the growth of refugee-inclusive businesses and industry sectors.** This will not only increase the employment of Syrian refugees, but also stimulate business expansion and production. Many of these businesses are commonly located in SEZs as well.

SME financing in Jordan has been successful in the past. For example, GroFin, a private development finance institution, successfully distributed \$20.1 million to support 422 entrepreneurs, invest in 35 businesses, and impact over 10,600 livelihoods (GroFin, 2018). The proposed alternative will similarly provide the additional tools and resources (infrastructure, administrative capacity, additional salaries, etc.) needed to increase employment of Syrian refugees and vulnerable Jordanians. Additional emphasis will be placed on the manufacturing sector, as it has the highest potential for future growth and absorption of new market entrants. It has also already demonstrated a willingness and increased acceptance of Syrian refugees (Figure 1). While the manufacturing sector accounts for approximately 20% of the national GDP, attracting new employees has proven difficult (Toppa, 2017). Factories are often geographically isolated and employees often seek out higher paying positions. In 2011, the manufacturing sector reported 19,000 open positions. Two years later, in 2013, only 4,000 new applicants had applied (Toppa, 2017).

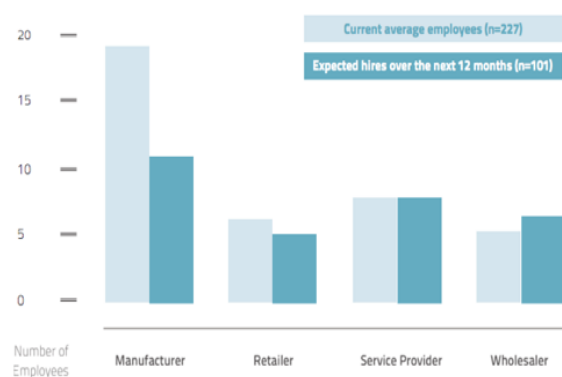
This alternative would provide loans to promote the expansion of these factories by increasing the resources available for employment incentives and additional wages. For example, Oryana Awaishah is a Jordanian factory owner who recruited Syrian employees in order to qualify her business for relaxed EU trade rules (Howden, 2017). Although she was successful (established an 85 person, all-female production line) in reaching her goal, it was expensive and time consuming to attract new employees to the factory. One expense that she incurred was a fee of \$210 USD per month, per employee for transportation (Howden, 2017). Under this alternative, SME loans could help offset these costs.

Case Study 2: Impact of Syrian SMEs in Turkey

Since 2013, Syrians have been ranked as the number one foreign founder of new companies each year, investing nearly \$334 million into 6,033 new formal companies. Turkey serves as an exemplar case in which Syrian-led SMEs have not only flourished, but have also helped stimulate the larger economy. In 2017, Syrians were expected to establish over 2,000 new companies in Turkey, building around \$90 million of Syrian capital. Fifty-five percent of existing companies indicate that they are stable, and 34% are expanding in the next 12 months. Research also indicates that a key contribution of Syrian SMEs to refugees and host communities is their job creation potential (Figure 5). On average, they employ 9.4 people with the intention of adding 8.2 more employees over the next 12 months; however, some companies estimate as many as 32 additional full-time jobs in the next year. This has also helped bring employees into the formal sector, as 75% of the surveyed employees previously worked in the informal sector.

Source: Building Markets, (2017).

Figure 5: Current and Planned Employment by Syrian SMEs



EVALUATION OF EACH ALTERNATIVE

1. PROVISION OF AFFORDABLE HOUSING IN SEZs

Outcomes:

In 2006, China had 15 million employees across 5 SEZs, or 3 million employees per SEZ (Zeng, 2012). In order to make China's employment rate applicable to Jordan, it must be placed in relation to the country's total population (Appendix A). This equals 12,000 employees per zone in Jordan.

This alternative is focused on affordable housing in Jordan's two SEZs - KHBTD and KHBP. Using the modified employment estimate, there are 24,000 new employees in Jordan's two SEZs. Each business must maintain a workforce that is 15% Syrian refugees in order to qualify for the relaxed rules of origin agreement with the EU (Barbelet, 2018). Costing assumes that it is each business' intent to meet this quota. In turn, there will be 3,600 Syrian refugees or program participants. Affordable housing will also be provided to low-income Jordanian citizens – 30% of all program participants. This brings total program participants to 5,143 people.

Cost-Effectiveness:

Program participants will receive a housing voucher of 150 JOD (\$211 USD) for twelve months. Administrative costs will allocate \$300 USD per program participant. For 5,413 participants, this equals \$1.5 million USD. Total program costs equal \$14,522,076 USD.

The cost-effectiveness for this alternative is **\$2,532 - \$2,823 per program participant** (excluding and including administrative costs). All cost calculations are included in Appendix A.

Feasibility:

Political: This alternative does not require review or approval by the JIC because it has no monetary return on investment for the RIN. It also does not require the direct facilitation of work permits. SEZs businesses will be responsible for covering any additional costs pertaining to permits and employee training. However, it is anticipated that this alternative will be widely accepted due to the success of similar housing programs in Jordan. For these reasons, **this alternative has “high” political feasibility.**

Administrative: The RIN's “refugee lens” defines this initiative as refugee-supporting. More specifically, it provides a good or service that demonstrably improves the program participants' self-reliance and inclusion into the SEZ financial markets. This alternative also does not require the purchase of additional infrastructure as the housing and residential communities already exists. Housing payments will be administered via Jordan's pre-established e-payment system (JoMoPay). Once the vouchers have been delivered, this alternative requires little oversight by the RIN as program participants are not expected to repay the investors. For these reasons, **this alternative has “high” administrative feasibility.**

However, it is important to note that this alternative may be difficult to sustain long-term. Despite the appeal of subsidized housing, this alternative does not guarantee that 1) vouchers will be used

solely on housing, 2) that refugees will want to work low-wage manufacturing jobs, and 3) that businesses will be willing and able to absorb the influx of new Syrian employees.

Community Impact:

Ideally, the provision of affordable housing will both enable refugees to seek employment in SEZs and assist businesses in meeting their quotas for relaxed rules of origin with the EU. Increased employment, manufacturing output, and increased trade is expected to assist the large Jordanian economy. For example, SEZs have contributed 22% China's overall GDP growth (Zeng, 2015). Nonetheless, the immediate and direct impact of subsidized housing for Jordanian citizen is minimal (180 total program participants). Lastly, this alternative neither guarantees employment nor access to additional credit. For these reasons, **this alternative has "low" community impact.**

2. MICROFINANCE LOANS AND JOB TRAINING

Outcomes:

There are approximately 176,710 non-camp based Syrian households in Jordan. Of these households, 13,000 would qualify for a microfinance loan (Making Cents International, 2017). Total demand for credit equals 13.1 million USD. However, this alternative will focus specifically on Jordan's three major governorates – Mafrqa, Irbid, and Amman. Loan size for program participants will be 926 USD (Appendix A, Table 1).

The alternative will target 50% of qualifying households in Mafrqa, Irbid, and Amman (Appendix A, Table 2). Or, 4,647 total program participants. This number does not include low-income Jordanians, which be factored in during the cost-effectiveness analysis.

Cost-Effectiveness:

A microfinance loan of \$926 USD for 6,639 program participants will cost \$6,147,714 USD. This includes a participant pool of 70% Syrian refugees and 30% low-income Jordanians. The training program will be an additional \$1,017,784 USD. Administrative costs will also allocate \$300 USD per program participant. The total costs for this alternative is \$9,165,498 USD.

The average loan period will be 15 months (Appendix A, Table 1). Kiva found that refugees and host-country entrepreneurs have a similar repayment rate of 96.8% (Leadon, 2018). Costing assumes that this number will remain consistent among Jordan's Syrian refugees. Therefore, the alternative's cost-effectiveness after 15 months is **\$182 - \$484 USD per program participant** (excluding and including administrative costs). All cost calculations are included in Appendix A.

Feasibility

Political: This alternative will have monetary returns for the RIN and its investors. Therefore, it will require review and approval by the JIC prior to implementation. This is not anticipated to be a lengthy process, as the approval process has recently been streamlined for U.S. investors. However, it will still require the necessary political oversight throughout the application and implementation process. The demand for microfinance loans has also risen in the past year, with several

organizations successfully targeting low-income Jordanians. While this alternative anticipates general acceptability, it is important to note that no microfinance organization currently targets Syrian refugees. For these reasons, **this alternative has “medium” political feasibility.**

Administrative: The RIN’s “refugee lens” defines this alternative as refugee-lending and refugee-supporting. Ideally, this alternative will also facilitate refugee-led and refugee-owned businesses by providing access to credit and job training. Nonetheless, the exact estimate of new business start-ups is currently unknown and will be observed at the end of the 15 month loan period. Establishing a microfinance loan program will also require a platform to deliver the loans, social intermediaries, and a monitoring system to track loan repayments. Updated and informed job training must be delivered at the start of the program as well. For these reasons, **this alternative has “medium” administrative feasibility.**

Community Impact:

This alternative will directly provide credit to Syrian refugees and low-income Jordanians. This will increase their purchasing power and financial integration into the local economy. The training program will also be mixing Syrian refugees and Jordanian program participants together in each class. This will likely increase community trust and social cohesion if both groups have the opportunity to work and learn alongside one another. Program outcomes also anticipate some pairing of Syrian and Jordanian co-business owners. However, it is important to note that this trust is unlikely to occur immediately and must be built throughout the program. For these reasons, **this alternative has “high” community impact.**

3. SME FINANCING FOR REFUGEE INCLUSIVE BUSINESSES

Outcomes:

Jordan’s small and medium enterprises are defined as having 10-49 employees and 50-249 employees respectively. However, 66% percent SMEs in Jordan have less than 19 employees (Betz, 2016). In turn, emphasis will be placed on small enterprises.

Outcomes for this alternative are based on various data sources – the Namou Jordan Fund, the Alight Fund, and the Ascend Venture Fund (Appendix A). Based on Namou and Alight’s predictions, \$20 million USD reaches roughly 10,000 refugees (GroFin, 2017; Tent Partnerships for Refugees, 2019). Based on Ascend and Namou predictions, \$885,715 USD successfully provides financing for one SME (Kluge, et al., 2018; GroFin, 2017).

Cost-Effectiveness

Initial funding will be 10 million USD for 5,000 refugees and 11 SMEs. Administrative costs will also assign \$300 per refugee. Assuming Kiva’s 96.8% repayment rate, cost-effectiveness after 15 months will be **\$64 - \$364 USD per program participant** (excluding and including administrative costs). All cost calculations are included in Appendix A.

It is important to note that a direct divide between Syrian and Jordanians beneficiaries could not be calculated. This is because loans will be going directly to the 11 SMEs, not the individual refugees.

While it is anticipated that some businesses will include Jordan employees, SMEs will be selected on the basis that they are refugee-owned or refugee-led (e.g. targeting Syrian refugees). The exact number of Jordanian and Syrian refugees would have to be assessed once the selected SME businesses have been identified.

Feasibility:

Political: This alternative will also require review and approval by the JIC due to its anticipated monetary returns. Similar to the other alternatives, SME financing does not require the direct facilitation of additional work permits, but it does require political oversight throughout the application and implementation process. SMEs are also expected to absorb any additional costs affiliated with permits and employee training; however, permits and training are two opportunities that the loan could help finance. For these reasons, **this alternative has “medium” political feasibility.**

Administrative: The RIN defines this alternative as refugee-owned or refugee-led. This form of investment is the most ideal for the RIN. In comparison to the second alternative, SME financing would be easier to administer in terms of monetary delivery and tracking – loans will be consolidated among 11 SMEs, instead of 5,000 refugees. However, the RIN would be placing a higher investment (approximately \$885,715 USD per SME) among a smaller pool of participants. This increases the risk involved with SME financing. Next, despite several case studies that illustrate the potential for this alternative’s success, SME financing (as a refugee investment) is a fairly new concept. Additional research will be needed to assess this alternative’s adaptability to the Jordanian market – for example, gathering data on the number of registered Syrian home-based businesses. Costs are also subject to change as data becomes available. For these reasons, **this alternative has “medium” administrative feasibility.**

Community Impact

As mentioned above, this analysis is unable to provide an exact number of program participants and SMEs that will be receiving the loans. In turn, it is difficult to distinguish between the number of Syrian refugees and Jordanian citizens that will be impacted. Nonetheless, research predicts that SME financing will provide job opportunities (for both groups), expand the formal market, and contribute significantly to the economy’s overall growth. However, this alternative also has the potential to hurt community trust by investing only in Syrian businesses. Therefore, this alternative would have to be cognizant of this implication when selecting SMEs. For these reasons, **this alternative has “medium” community impact.**

OUTCOMES MATRIX

Alternatives	Feasibility		Cost Effectiveness	Community Impact
	Political	Administrative		
Provision of Affordable Housing in SEZ	High	High	\$2,532 - \$2,823 USD	Medium – Low
Microfinance: Loans and Job Training	Medium	Medium	\$182 - \$484 USD	High
SME Financing	Medium	Medium	\$64 - \$364 USD	Medium

Estimates for cost-effectiveness include cost per program participant, excluding and including administrative costs. This monetary range was included to provide a more robust and comprehensive cost estimate. It also illustrates the analysis' sensitivity to administrative costs.

FINAL RECOMMENDATION

Based on the projected outcomes, the RIN should pursue the **second alternative** to provide microfinance loans and job training to Syrian refugees and low-income Jordanians.

Rational: The first alternative addresses one of the primary concerns voiced by Syrian refugees – a lack of affordable housing. However, there is neither a monetary return on investment for the RIN nor does this alternative guarantee that Syrian refugees will receive a job once they arrive in the SEZs. While this analysis assumes that SEZ businesses would like to achieve relaxed rules of origin with the EU, the alternative offers no direct incentive for these businesses to hire and incur the costs of additional employees. The GoJ and the EU also recently agreed to extend the trade incentives to qualifying businesses outside of SEZs once Jordan grants 60,000 active work permits to Syrian refugees (Huang, 2019). This further reduces the incentives to move to an SEZ. Lastly, an unintended consequence of housing vouchers is the potential for dependency among program participants. If the vouchers are discontinued it is possible that these individuals would lose their housing.

Next, while the third alternative is the most cost-effective and preferred investment model for the RIN, data and cost estimates currently remain limited in comparison to the second alternative. Research continually demonstrates the success of SME financing; however, this may not automatically translate to the political and economic environment in Jordan. Minimal data makes it difficult to pinpoint the exact number of Syrian refugees or low-income Jordanians that will be impacted. This indicates that projected costs will likely change as well. High risk for investment and potentially negative impacts on the community must also be considered. While this alternative is not selected for immediate implementation, it should be re-visited once additional data becomes available.

For these reasons, I recommend the second alternative. Microfinance loans will provide low-risk credit for 4,647 Syrian refugees and 1,992 low-income Jordanians. Various organizations have conducted sufficient and reliable research that has identified a specific number of program participants across three governorates. This demonstrates the demand and market growth for this alternative. Access to microfinance loans will enable Syrian refugees to register and invest in home-based businesses, afford childcare and transportation during work, and/or afford rent near city centers while they search for employment. Next, job training ensures that each program participant is equipped with the tools and support to invest (and succeed) in their integration into the formal market. Entrepreneurial activity will also be encouraged, increasing the output from each administered loan. This alternative is anticipated to facilitate positive collaboration and social cohesion between Syrian refugees and Jordanian citizens as well.

Ultimately, the effectiveness of microfinance loans and job training programs is well-documented. Abundant evidence and research exists to target and organize the implementation of this program. Although it is not the most cost-effective, it will facilitate the most direct access to credit (in relation to risk) and have the greatest positive economic impact on Syrian refugees and the larger Jordanian community.

IMPLEMENTATION OF FINAL RECOMMENDATION

Implementation of the second alternative will require a platform for the facilitation of loans, social intermediaries, and a monitoring system to track loan repayments. Job training will require renting sufficient office space, developing training materials, and hiring teachers. Program structure includes 5 months of training prior to the administration of microfinance loans. One additional month of training will be required in the first month of receiving the loan.

Stage One: The RIN should focus on developing training materials and acquiring an office space in each of the three governorates - Mafraq, Irbid, and Amman. In order to accommodate for all program participants, Mafraq's training center will offer 2 training sessions per day in 2 rooms for 40 people each. Irbid's training center will offer 3 training sessions per day in 3 rooms for 40 people each. Lastly, Amman's training center will offer 3 training sessions per day in 4 rooms for 40 people each. Mafraq will have 2 teachers, Irbid will have 3 teachers, and Amman will have 4 teachers to accommodate for the number of classrooms. Each teacher should have knowledge of the job market, work-permit requirements, and skill sets needed across various sectors. Ideally, all 9 teachers would be respected members within the community in order to increase program buy-in and trust.

One potential barrier that must also be addressed is refugees' lack of transportation or inability to afford transportation. With only one training center per governorate, refugees living outside of the main city centers must rely on weekly modes of transportation. One solution is to allocate a portion of the administrative funds (\$300 per refugee) towards providing subsidized bus or train tickets to participants as needed.

Stage Two: Once training facilities have been identified and prepared, selected participants can begin the program. Selected program participants will be based on the pre-approved households (identified by Sanad) that have expressed an interest in receiving an microfinance loans. This alternative seeks to target 50% of qualifying Syrian households in Mafraq, Irbid, and Amman - 826, 1,710, and 2,111 participants respectively. Low-income Jordanians will be selected based on income, number of household occupants, and employment status. Each household and/or loan recipient will also be required to submit a proposal for how they intend to use their loan prior to admittance into the program. Loan proposals are one way in which training can be personalized to ensure that program participants are receiving the assistance and tools that they need to make the most use of their loan. In addition, while this alternative targets 70% Syrian refugees and 30% low-income Jordanians, it will be just as important to ensure that the loans are distributed with equal consideration to both males and females across both groups.

Stage Three: For the actual administration of microfinance loans, this alternative will establish an account on Jordan's readily available mobile payment platform (e.g. JoMoPay). The proposed loan amount of \$926 USD (628 JOD) meets the platform's requirement that each transaction remains under 1,000 JOD. This also allows for future growth if the RIN decides to increase loan amounts. Each program participant is expected to re-pay the loan (with no interest) after 15 months. The training program will include sessions on saving and repayment models that participants may follow. They will also receive a notification of the remaining amount due at the end of each month. At this point, the RIN may also reassess their administrative costs to determine if the full \$2 million will be needed.

Stage Four: While the program maintains one month of overlap between completing job training and receiving the loan, training will discontinue after 6 months. Despite the discontinuation of training, teachers will remain hired and available to assist program participants as needed. The rented training rooms and office space can be used for meeting and collaborative spaces once training classes have ended. Lastly, at the end of the 15 months, the RIN should follow-up with each program participant to track loan repayment, obtain feedback, and create a report evaluating the program's results and success in achieving its goals.

Stage Five: Although the second alternative is the final recommendation, the analysis illustrates the potential for SME financing once the necessary data becomes more widely available. Once Syrian-led businesses are more widely registered and concrete costing number can be identified, the RIN may want to consider pursuing this option as well. The second alternative, upon completion, will be a useful resource to assess the market and pinpoint the growth of refugee-inclusive businesses. In addition, businesses that develop from the microfinance loans could be selected for the first round of SME financing. These businesses and their owners would have already completed the RIN's training and demonstrated their ability and commitment to repaying the allocated loan.

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APPENDIX A

Cost-effectiveness is measured by total program costs divided by the number of refugees and/or program participants. All costs are in U.S. dollars, unless stated otherwise. Final estimates include cost-effectiveness with or without administrative costs. Administrative costs are based on the UNHCR estimate of \$300 per person (“Jordan: Rent Assistance for Syrian Refugees,” 2015). Including a range for cost-effectiveness illustrates where final program costs could be adjusted, depending on number of employees hired, supplies needed, etc., that are included in the administrative costs used for this analysis.

ALTERNATIVE ONE: PROVISION OF AFFORDABLE HOUSING IN SEZs

Identifying program participants:

15 million employees in China’s 5 SEZs, 3 million per zone

5.9 million (Jordan’s population) / 1.3 billion (China’s population) = 0.004

3 million employees in China / 0.004 = 12,000 employees in Jordan

Number of Syrian refugees:

12,000 x 0.15 = 1,800 Syrian refugees (x 2 zones) = 3,600

70% of total program participants (Syrian) = 3,600

30% of total program participants (Jordanian) = 1,543

Total = 5,143 program participants

Total Program Costs: \$211 x 12 months = \$2,532 x 5,143 program participants = \$13,022,076

Administrative/overhead costs (+ 1.5 million) = \$14,522,076

Cost Effectiveness (without administrative costs):

\$13,022,076/5,143 program participants = **\$2,532 per program participant**

Cost Effectiveness (with administrative costs):

\$14,522,076/5,143 program participants = **\$2,823 per program participant**

ALTERNATIVE TWO: MICROFINANCE LOANS AND JOB TRAINING

Table 1: Average Microfinance Loan

Organization	Average Individual Loan	Average Group Loan	Average Loan Term
KIVA	\$855	N/A	11.3 months
MicroFund for Women	\$842	\$1,142	17.62 months
National Microfinance Bank in Jordan	\$1,082	\$1,069	16.53 months
Average	\$926	\$1,106	15.15 months

Source: Kiva, 2017

Table 2: Demand for Microfinance Loans, per Governorates

Jordanian Cities	Potential Program Recipients	USD (millions) Potential Volume
Mafrq	1,652	\$1.6
Irbid	3,421	\$3.4
Amman	4,223	\$4.2
Total	9,296	\$9.2

Source: Making Cents International, 2017

Loan size for program participants will be 926 USD. In addition, this alternative targets 50% of qualifying households in Mafrq, Irbid, and Amman. Or, 826, 1,710, and 2,111 participants respectively. This equals 4,647 total program participants.

Microfinance Costs: $\$926 \times 4,647$ program participants = \$4,303,122

However, this alternative requires that 30% of the total program participants be low-income Jordanians. To meet this requirement microfinance loans will be provided to 1,992 qualifying Jordanians. The total population of Jordanians is approximately 4 million in Amman, 1.7 million in Irbid, and 580,000 in Mafrq. Therefore, the number of Jordanian program participants will be divided 60/30/10 percent respectively. This equals 1,192 Jordanian program participants in Amman, 598 in Irbid, and 200 in Mafrq. Total program participants is now 6,639.

70% = 4,647 Syrian refugee program participants

30% = 1,992 Jordanian program participants

Total = 6,639 program participants

Microfinance Costs: $\$926 \times 6,639$ program participants = \$6,147,714

Training Center Cost Assumptions:

340 sq. ft. fits approximately 20 people; 680 sq. ft. fits approximately 40 people

Rent per square meter per year is \$170 (Cushman & Wakefield, 2014)

Amman program participants = 2,111 + 1,192 = 3,303 program participants

Requires 3 sessions a day, 2 hours each, 40 participants per group, 4 classrooms, 4 teachers

4 training rooms = 2,720 sq. ft.

+ 40% hallway/walkable space = 3,808 sq. ft.

+ reception, 150 sq. ft. = 3,958 sq. ft.

+ two bathrooms, 300 sq. ft. = 4,258 sq. ft.

4,258 sq. ft./3.28 meters = 1,298 meters

\$170 x 1,298 meters = \$220,660

Irbid program participants = 1,710 + 598 = 2,308 program participants

Requires 3 sessions a day, 2 hours each, 40 participants per group, 3 classrooms, 3 teachers

3 training rooms = 2,040 sq. ft.

+ 40% hallway/walkable space = 2,856 sq. ft.

+ reception, 150 sq. ft. = 3,006 sq. ft.
+ two bathrooms, 300 sq. ft. = 3,306 sq. ft.
3,306 sq. ft./ 3.28 meters = 1,008 meters
\$170 x 863 meters = \$171,360

Mafrag program participants = 826 + 200 = 1,026 program participants
Requires 2 sessions per day, 2 hours each, 40 participants per group, 2 classrooms, 2 teachers
2 training rooms = 1,360 sq. ft.
+ 40% hallway/walkable space = 1,904 sq. ft.
+ reception, 150 sq. ft. = 2,054 sq. ft.
+ two bathrooms, 300 sq. ft. = 2,354 sq. ft.
2,354 sq. ft./3.28 meters = 718 meters
\$170 x 718 meters = \$122,060

Total amount needed for 3 training centers: = \$514,080
Furniture/Materials needed for 3 centers = \$100,000
Salary for 9 teachers (for 12 months) = \$3,500 per month per teacher = \$378,000 total
Total Training Costs = \$992,080

Rent estimate are from 2014 and must account for inflation. The following calculations use the consumer price index (CPI) from 2014 & 2019 ("Jordan Consumer Price Index, 2019).

CPI in 2014 = 117
CPI in 2019 = 124
 $124/117 = 1.05$
 $1.05 \times \$514,080 = \$539,784$
Total Costs (Training) = \$1,017,784

Program Costs (Microfinance Loan + Training) = \$6,147,714 + \$1,017,784 = \$7,165,498
Administration/Overhead costs (+ \$2 million) = \$9,165,498

Upon implementation the cost-effectiveness is as follows:
 $\$9,165,498 / 6,639 \text{ program participants} = \$1,380,554$

After 15 months, the cost-effectiveness is as follows:

Without Administrative Costs:
 $\$6,147,714 \times .968 = \$5,950,987$ (Anticipated Repayment Rate)
 $\$6,147,714 - \$5,950,987 = \$196,727$
 $\$196,727$ (Microfinance Loan) + \$1,017,784 (Training) = \$1,214,511
 $\$1,214,511 / 6,639 = \mathbf{\$182 \text{ per program participant}}$

With Administrative Costs:
 $\$6,147,714 \times .968 = \$5,950,987$ (Anticipated Repayment Rate)
 $\$6,147,714 - \$5,950,987 = \$196,727$
 $\$196,727$ (Microfinance Loan) + \$1,017,784 (Training) + \$2 million (Administrative) = \$3,214,511
 $\$3,214,511 / 6,639 \text{ program participants} = \mathbf{\$484 \text{ per program participant}}$

ALTERNATIVE THREE: SME FINANCING FOR REFUGEE INCLUSIVE BUSINESSES

This alternative is based on averages from three organizations with previous experience in SME financing.

1. Alight Fund: \$100 million = 50,000 program participants
2. Nomou Jordan Fund: \$20.1 million = 10,660 program participants; \$20.1 million = 35 SMEs OR \$571,429 per SME.
3. Ascend Venture Fund: \$30 million = 25 SMEs OR \$1.2 million per SME

Namou + Alight's predictions = \$20 million per 10,000 refugees (GroFin, 2017; Tent Partnerships for Refugees, 2019)

Ascend + Namou predictions = \$885,715 per SME (Kluge, et al., 2018; GroFin, 2017)

Allocated Program Costs = \$10 million = 5,000 refugees

Administrative/Overhead Costs (+ \$1.5 million) = \$11.5 million

Upon implementation the cost-effectiveness is as follows:

\$11.5 million / 5,000 program participants = \$2,300 per program participant

After 15 months, the cost-effectiveness is as follows:

Without administrative costs:

\$10 million x .968 = \$9,680,000

\$10 million - \$9,680,000 = \$320,000

\$320,000 / 5,000 program participants = **\$64 per program participant**

With administrative Costs:

\$10 million x .968 = \$9,680,000

\$10 million - \$9,680,000 = \$320,000

\$320,000 + \$1.5 million = \$1,820,000

\$1,820,000 / 5,000 program participants = **\$364 per program participant**