FINANCING FOR PROTRACTED DISPLACEMENT

IN THE SYRIAN REFUGEE CONTEXT IN JORDAN

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The Durable Solutions Platform (DSP) was created in 2016 to support evidence-based stakeholder engagement on durable solutions for displaced Syrians in the region. DSP is a joint initiative of the Danish Refugee Council (DRC), the International Rescue Committee (IRC), the Norwegian Refugee Council (NRC), Oxfam, Action Against Hunger (ACF) and Save the Children. DSP works to generate knowledge and learning, inform policy and programme processes and enhance capacities on supporting pathways towards durable solutions for displaced Syrians in the region. About DSP: https://www.dsp-syria.org/

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1. EXECUTIVE SUMMARY

For over a decade now, Jordan has been host to large numbers of Syrian refugees fleeing conflict and persecution in neighbouring Syria. According to United Nations High Commissioner for Refugees (UNHCR), 663,000 Syrian refugees are registered in Jordan, making it one of the countries with the highest ratios of refugees per capita in the world. With durable solutions not in reach for the vast majority of Syrian refugees, attention has increasingly focused on how the response can shift to a more sustainable model strengthening future prospects for durable solutions and supporting refugees’ socio-economic inclusion or self-reliance.

This case study critically examines the existing displacement financing architecture in Jordan to explore how it can better respond to medium- and longer-term priorities and needs of the Syrian refugee displacement context and support pathways to durable solutions. The case study analyses the key trends and challenges in displacement financing, using the thematic area of economic opportunities as an analytical lens to identify key gaps and opportunities. It draws on the perspectives of diverse actors, including bilateral and multilateral donors, International Financing Institutions (IFIs), United Nations (UN) agencies, international non-governmental organizations (INGOs) and local non-governmental organizations (NGOs), private sector actors and sectoral experts. Finally, the case study offers recommendations and areas for consideration for stakeholders supporting pathways to durable solutions in the Syrian crisis response.

This study finds that despite some attempts to promote more coherent, joined up and longer term solutions – for instance the establishment of the Jordan nexus task team - and some specific financing instruments designed to support pathways to medium to longer term solutions, such as European Union (EU) Regional Trust Fund in Response to the Syrian Crisis (EUTF Madad), France’s Minka Fund and the Global Concessional Financing Facility (GCFF) – the short-term nature of the funding reaching displacement affected communities inhibits the development of medium to long term programming and approaches. A number of recommendations are made on how financing modalities could better support pathways to durable solutions.

While Jordan offers a relatively favourable protection environment, the outlook for durable solutions is becoming more constrained, particularly after COVID-19. Jordan initially adopted a welcoming policy toward displaced Syrians, however this has become more restrictive over time and the question of local integration is complex and sensitive. The country has been at the forefront of the debate on global burden-sharing in refugee responses and pioneered new approaches, most notably the 2016 Jordan Compact. Improving access to livelihoods and economic opportunities for Syrian refugees has been a major focus of the response since the signing of the Jordan Compact. Despite this, major structural, legal and regulatory barriers remain that hamper Syrian refugees’ ability to access livelihoods, particularly for women, and exacerbate their vulnerability. The medium to longer term outlook in terms of economic opportunities for Syrian refugees in Jordan is uncertain.

The legal and policy environment for displacement financing for Syrian refugees has been significantly shaped by the Jordan Compact. With the expiration of the Compact, there is a pressing need for dialogue with the government on what comes next. There are pressures mitigating against the development of a new Compact. Nevertheless, such a dialogue offers an opportunity to build on lessons learned and invest further in creating an enabling legal and policy environment.

Of all the main sources of domestic and international resources available to potentially support pathways to durable solutions in Jordan, including domestic resources, remittances, Official Development Assistance (ODA), and private financing, ODA is the most significant. Despite Jordan’s relatively developed economy, ODA is a significant source of funding and donors appear to be motivated as much by geopolitical concerns as developmental objectives. Jordan’s economic and fiscal outlook has taken a severe hit from the impacts of Covid-19, which has put additional pressure on public services and infrastructure already under considerable strain since the Syrian crisis.

While levels of ODA to Jordan are relatively high compared to GDP and other protracted forced displacement contexts, overall, volumes of ODA supporting Syrian refugees specifically have declined year on year since 2016. Support to displacement affected communities remains heavily reliant on short-term humanitarian funding sources, which are declining. Short-term and annual funding cycles, and rigid distinctions between humanitarian and development funding sources prohibit finding pragmatic solutions to problems.
Concerns around aid dependency and a desire to mobilise new and additional sources of finance to support displacement affected communities have led to growing interest in the use of blended finance in Jordan. For several years, blended finance has been used to ‘de-risk’ lending to Syrian refugee entrepreneurs through micro-finance institutions. Increasingly, the use of blended finance is expanding to support Small and Medium Sized Enterprises (SMEs) that create positive impacts in refugee and host communities. Barriers to blended finance initiatives include the restrictive regulatory and right-to-work environment for refugees, and challenging economic climate.

Another form of blended finance is the Refugee Livelihoods Development Impact Bond (DIB) – the first of its kind to specifically target refugees – and is about to be launched in Jordan. Bringing together new funding partners with a rigorous results-based program mechanism, the Refugee Livelihoods Impact Bond is essentially a payment for results model that offers a premium to impact investors. The design of the DIB offers some advantages for the implementing partner and outcome funder. Despite the long lead-in, stakeholders are optimistic about the potential of the DIB. Beyond the programmatic results which will take some years to be known, testing a new model is important in itself to generate learning about its potential as an additional tool in the displacement financing toolbox.

With a growing focus on attracting private investment into refugee-owned, -led or -supported businesses in Jordan, social impact investors have been identified as those most likely to be the early movers to intentionally invest in support of vulnerable communities. Several notable early-stage initiatives are looking to mobilise private investment for social impact to the benefit of Syrian refugees in Jordan but are taking time to get off the ground. To further support impact investment initiatives, partnerships between humanitarian actors and the investment community will need to be developed and expanded. Challenges remain around matching expectations of investors with opportunities in the market, but several initiatives are working to overcome these.

A number of challenges stand out in adapting financing to better meet medium to longer term needs and support economic self-reliance. Firstly, the numerous legal, regulatory and policy barriers faced by Syrian refugees limit what financing can achieve. Secondly, limited resources and shrinking aid budgets mean hard trade-offs must be made and donors are under pressure to prioritise acute needs over medium-term approaches. A third challenge relates to the set-up of the aid system itself, in which rigid distinctions between humanitarian and development funding sources inhibit pursuing comprehensive appropriate longer-term approaches.

Nevertheless, in Jordan financing is addressing these challenges in a number of ways. Firstly, packages of financing have helped to incentivise and influence policy reform to create a more enabling environment for economic opportunities for Syrian refugees. While there is a limit to the influence financing can exert, there are opportunities for international financing to be used to improve economic prospects for Syrians in the short to medium term. Debt financing may limit the leverage financing can exert but enables the mobilisation of far greater volumes of resources than grant funding could provide. Financing to promote economic development in refugee-hosting areas is essential but must be coupled with refugee-specific investment.

In a context of limited resources, common agreement is needed on priorities and sequencing of investments informed by evidence. But when it comes to supporting economic self-reliance for Syrian refugees and host communities, there is a lack of strategic direction and clarity about which programmatic approaches to invest in and the sequencing and prioritisation of investments. Short-term assistance should run in parallel with longer-term approaches, requiring different funding sources to be used in a complementary way. Effective support to economic opportunities for Syrian refugees requires both top-down and bottom-up approaches, working on both supply and demand sides of the economy. Funding decisions appear to be only partially based on evidence of which interventions have the most impact in achieving economic self-reliance for Syrian refugees and vulnerable Jordanians.

Specific financing instruments designed to address forced displacement and bridge the silos in the aid system are having some success in supporting positive medium-term outcomes. Yet, there is a need to be realistic about the duration required for financing to support economic self-reliance. ‘Nexus-oriented’ funding provided through the EU Madad Trust Fund and the Minka Fund helps to reinforce coherence between short-term and longer term approaches. Supporting the inclusion of refugees in national systems appears to be a more sustainable and cost-effective approach in the longer term, but hard evidence is lacking.
2. STUDY BACKGROUND AND METHODOLOGY

This case study critically examines the existing displacement financing architecture in Jordan to explore how it can better respond to medium- and longer-term priorities and needs of the Syrian refugee displacement context and support pathways to durable solutions. The case study analyses the key trends and challenges in displacement financing, using the thematic area of economic opportunities as an analytical lens to identify key gaps and opportunities. It aims to answer the research question: “How are existing financing modalities and instruments being applied in the specific country context and sector and to what extent are they enabling medium- and longer-term positive outcomes towards durable solutions?”. Finally, the case study offers recommendations and areas for consideration for stakeholders supporting pathways to durable solutions in the Syrian crisis response.

This case study is part of a larger study titled “Financing for Protracted Displacement in the Syrian Refugee Context”, conducted by the Durable Solutions Platform and Development Initiatives. This Jordan report is published alongside two other case study reports focused on Lebanon and the Kurdistan Region of Iraq (KRI). With durable solutions not in reach for the vast majority of Syrian refugees, supporting pathways to durable solutions is understood to mean strengthening future prospects for durable solutions and supporting refugees’ socio-economic inclusion or self-reliance in order for them to take informed and voluntary decisions if and when solutions become available.

The research team developed the findings of this report by triangulating a thorough literature and document review with findings from key informant interviews (KII) and quantitative data on financial flows. The research team reviewed the diverse literature on humanitarian needs and response plans, financing instruments and modalities, and key bilateral donor policies and collected qualitative data through 25 KIIs. The primary data collection for this case study was conducted between 9 June 2021 and 31 August 2021. KIIs were purposively sampled, and included representatives from UN agencies, bilateral ODA donors and IFIs. The Jordan case study findings were validated with key in-country experts and stakeholders in a validation workshop. The larger regional research study has engaged stakeholders throughout the project cycle, through a research reference group (RRG), which provides technical support at research milestones, from the research inception to the validation of findings.

This study focuses on financing that supports Syrian refugees in Jordan and the communities that host them. Financing modalities, instruments or tools for refugees of other nationalities - e.g. Iraqis and Yemenis- or vulnerable migrants were investigated insofar as they do or could support outcomes for Syrian refugees, but were not a specific focus of the research. Additionally, the research was somewhat limited by the unavailability of some of the key informants contacted for interview, notably the Government of Jordan (GoJ). As economic empowerment is the thematic analytical lens for this case study, the extent to which findings and recommendations can be generalised across other sectors is limited - e.g. education or protection - that may have different dynamics in programming and financing for medium and longer term outcomes for Syrian refugees.
3. COUNTRY CONTEXT

This section looks at the context and nature of displacement for Syrian refugees in Jordan and their prospects for durable solutions. It considers the current political, policy and legal environment for medium to longer term outcomes for Syrian refugees, opportunities for change and the role of international financing in driving such change.

3.1 DISPLACEMENT AND POLICY CONTEXT

The conflict in Syria created a large and protracted humanitarian crisis leading great numbers of Syrians to seek refuge in neighbouring countries. According to UNCHR, Jordan hosts the third largest number of Syrian refugees (663,000), of which half are children. However, the GoJ estimates that the real number of refugees is almost double this number (1.4 million Syrians), representing more than 10% of Jordan’s population. In addition, Jordan hosts close to 90,000 refugees from other countries.

Most Syrian refugees in Jordan (82%) live in urban settings alongside host communities. Amman, Mafraq, Irbid and Zarqa governorates in Jordan’s Central and North Regions host the majority of refugees and the increase in population has put pressure on weak public services and infrastructure. A smaller proportion of Syrian refugees (18%) live in camps; mainly Za’atari and Azraq camps. Roughly 77,000 Syrian refugees live in Za’atari camp, making it the second largest refugee camp in the world.

The Syrian refugee population in Jordan is disproportionately young with approximately 65% of all registered Syrian refugees under the age of 25.

Jordan offers a relatively favourable protection environment, although it has become more restrictive over time. Jordan is not a signatory to the 1951 refugee convention nor its 1967 protocol. In the early days of the crisis, Syrians could cross the border into Jordan without restriction but in 2013, the GoJ closed the border to all Syrians. Syrian refugees in Jordan must now register with UNHCR to obtain a proof of registration (for camp residents), or asylum seeker certificate (if they live in the host community). Additionally, Jordanian authorities require Syrians to register with the Ministry of Interior (MoI) and be issued a biometric service card, which is required to access some services and register births, deaths and marriages.

While Syrian refugees have the right to access primary healthcare at the same subsidized rate as vulnerable Jordanians, secondary and tertiary healthcare are not covered. In education, Syrian children have the right to primary and secondary education, but only a quarter of secondary-school-age Syrian refugee children in Jordan are enrolled in school and higher education is out of bounds. Restrictions have increased during the pandemic, with strict Covid-19 containment measures meaning that leave and work permits are not being granted to Syrians in camps.

Syrian refugees in Jordan have the right to work in specific occupations, mainly concentrated in the agriculture, construction and manufacturing sectors, by obtaining a work permit. Since the signing of the Jordan Compact (see Box 1), the GoJ has facilitated access to the labour market for Syrian refugees through waiving the fees to obtain a work permit, simplifying the documentation requirements, and allowing the registration and operation of some home-based-businesses. Despite these initiatives, only one third of Syrian refugees hold a work permit, and only 4-8% of them benefit from social insurance or security scheme. The majority of Syrian refugees who do work occupy roles in the informal, private sector, typically in unskilled or low-skilled roles - jobs which are not appealing to many Jordanians who prefer public service jobs, and which might traditionally be done by migrant workers. Previous research has highlighted the limited availability of decent work for Syrian refugees and the challenges they face in terms of low wages, dangerous working conditions and vulnerability to exploitation.

The economic and social impact of the COVID-19 pandemic has put additional pressure on public services and exacerbated underlying structural issues in the economy. Unemployment levels that were high before the pandemic are now even higher, especially for youth and women. To support vulnerable Jordanian households, the GoJ has launched two social protection programmes since 2020, but non-nationals currently don’t have access to these. A study from May 2020 found that almost one third of Syrians who were employed before COVID-19 lost their jobs during the pandemic. The pandemic and its associated containment measures has seen poverty levels of
Jordanians increase by 38% and of Syrians by 18%, and the World Bank estimates that it could take two years for these to return to pre-Covid levels. The smaller percentage of impoverishment of Syrians is attributed to the fact that the majority of Syrians lived below the poverty line before COVID-19. Most Syrians remain heavily dependent on humanitarian assistance to meet their basic needs.

The outlook for durable solutions is becoming more constrained in Jordan, particularly after COVID-19. Despite the difficult conditions in Jordan and the inability of many Syrian refugees to meet their basic needs, 94% do not plan to return to Syria over the next year and there is no facilitation or promotion of returns at the current time. Syrians remain the largest refugee population globally in need of resettlement. However, 2020 was projected to be a record low for refugee settlement numbers due to the global pandemic. The subject of local integration is complex and sensitive in Jordan, partly due to the long history with Palestinian and, later, Iraqi refugees. Despite the major legal and policy challenges, local inclusion of the Syrian refugees in Jordan is generally facilitated by the shared language, religion and socio-cultural ties to the Jordanian host community, particularly among the out-of-camp population.

Box 1: Shaping the policy environment through an innovative financing approach: the Jordan Compact

In 2016, Jordan conceptualized an innovative approach to dealing with protracted displacement; the Jordan Compact. In return for millions of dollars in grants and loans and preferential trade agreements with the European Union (EU), Jordan committed to improving access to education and legal employment for Syrian refugees. The compact would facilitate issuing 200,000 work permits for Syrian refugees (out of the 297,000 Syrians of working age), over a period of three years. The compact represented an opportunity for responsibility sharing between refugee hosting countries and the international community, and a step towards promoting medium- and longer-term solutions for Syrian refugees in Jordan.

The legal and policy environment for displacement financing for Syrian refugees has been significantly shaped by the Jordan Compact. The Compact was a pioneering model of international financing being used to broker a deal with the refugee-hosting state to transform the legal and policy environment. The new global refugee policy paradigm developed since, encapsulated in the 2018 Global Refugee Compact, draws on the Jordan Compact’s principle of “you host, we pay”. While interviewees pointed to various shortcomings, most acknowledged that the Compact had played a catalytic role in aligning the objectives of the GoJ and the international community in the education, health, and livelihoods sectors and succeeded in shifting the dialogue on Syrian refugees’ right to work. The discussion is no longer about whether Syrians have the right to work, but rather how and under what conditions. It demonstrates how, through a common donor position and dialogue with the government, international financing can serve as an incentive for policy reform.

Five years after the signing of the Compact, there is a pressing need for dialogue with the government on what comes next. In March 2021, Jordan’s government issued a call for a new Compact, calling for “a comprehensive, effective, sustainable and realistic medium to long term vision for Syrian refugees and host communities”. Beyond appealing for effective measures to allocate and track resources against priorities and improve delivery, the government’s request was light on specifics. International stakeholders are unclear on the government’s expectations of the role of the international community and the type of support it should provide in meeting this challenge. On the side of the humanitarian community, there are also key advocacy to be considered, including expansion of access to education, health, and livelihoods. The Nexus Task Team recommended that the UN Resident Coordinator convene a dialogue between GoJ, donors and implementer, although at the time of writing this had not happened.

There are pressures militating against the development of a new Compact. Jordan’s position as a haven of political stability in a turbulent region is highly valued by donors. Large volumes of ODA are given for security and stability reasons, without refugee-specific objectives. In some cases the stability agenda takes precedence over developmental objectives and may have prevented reforms. A preference for bilateral approaches on the part of both government and donors works counter to collaborative discussions to develop common positions, as was observed by a civil society commentator at the most recent Brussels conference. One major donor is reportedly not in favour of a new Compact, preferring to mainstream inclusion of refugees in its regular development cooperation programme. And there seems to be uncertainty about who should lead such discussions on the side of the international community.
Nevertheless, dialogue on a new Compact offers an opportunity to build on lessons learned and invest further in creating an enabling legal and policy environment. In particular, lessons learned from the first Compact indicate the need to include refugee voices from the outset, and the need for strong multistakeholder engagement on the design of the Compact, beyond the handful of interested donors. There was broad consensus among interviewees that the main obstacles to achieving economic self-reliance for Syrian refugees are legal, regulatory and policy barriers, rather than financing. As found recently in research on displacement financing in the Horn of Africa, making sure that the rights of displacement affected communities are respected and upheld is one of the most important and potentially least costly investments in achieving better medium to longer term outcomes. In the case of Jordan, there is clearly a delicate balance to be struck. The Jordanian government is juggling competing pressures and international dialogue must proceed with sensitivity, particularly in light of growing needs among the Jordanian population. While there has been annual monitoring of Compact commitments, this research did not find any independent evaluation of the impact of the Compact providing generate evidence on the tangible changes it has brought about in the lives of Syrian refugees. This represents an evidence gap to be filled.

4. FINANCING LANDSCAPE

This section gives an overview of the main sources of domestic and international resources available to potentially support pathways to durable solutions in Jordan including domestic resources, remittances, ODA, and private financing. ODA has long been a significant source of international financing for Jordan, and this section highlights wider trends in ODA flows, key donors and financing modalities, before homing in on ODA specifically targeting displacement. It considers the wider environment for displacement financing, the opportunities and challenges, as well as major instruments and financing modalities. Beyond ODA, this section looks at emerging sources of displacement financing, including blended finance, the private sector and other forms of innovative financing.

4.1 OVERVIEW AND TRENDS

This section draws out the key trends for each major source of financing and the implications of these on funding to support medium to longer term outcomes for Syrian refugees in Jordan.

Jordan’s domestic government revenues are far greater than international flows including remittances, ODA or Foreign Direct Investment (FDI). Moreover, domestic resources have increased significantly since 2011, while ODA has increased steadily, FDI has decreased and remittances have plateaued.

Figure 1. Composition of international and domestic resources available in Jordan, 2010-2019

Sources: OECD DAC Creditor Reporting System, UNCTAD data, IMF Article VI PDFs, IMF country reports, IMF World Economic Outlook data and World Bank data.

Notes: Data is in constant 2019 prices. Net remittances were calculated by subtracting the average cost of remittances from gross remittance. Domestic revenues exclude ODA grants.
Jordan’s domestic government revenues are now on a downward trajectory. While growing steadily between 2011 and 2018, from US$7.4 billion to US$11.2 billion, Jordan’s domestic government revenue has more recently started to decline. The International Monetary Fund (IMF) estimates government revenue will continue to fall in 2020 by 7%. Prior to the pandemic, the ongoing, cumulative toll from the Syrian conflict resulted in Jordan’s small economy being characterized by high unemployment, growing debt and real GDP growth at a low trajectory of 2%. With a tax base reliant on international trade, declining foreign direct investment and high reliance on overseas remittances, the Covid-19 pandemic has exposed structural vulnerabilities in the Jordanian economy, with key growth sectors, such as tourism and the service sector, hit especially hard. Domestic revenues have seen a sharp decline and the World Bank estimates that in 2020 there was a 1.6% contraction in the Jordanian economy, with Jordan’s current account deficit growing by 8% of GDP due to a 76% drop in travel receipts and 9% drop in remittances.

Jordan’s levels of government debt are high and rose sharply in 2020 to 109% of forecasted GDP. However, given the relatively large share of domestic, long-term and concessional loans, Jordan’s debt levels are considered sustainable. Furthermore, with relatively high state capacity, donors have shown greater willingness to fund large government-aligned programmes. As a result, Jordan has benefited from extensive international financing in the past, though changing donor priorities and pressures could impact the sustainability of this support in the future.

Remittances also make up a notable proportion of Jordan’s overall GDP compared to other middle-income countries and have exceeded volumes of both FDI and ODA. Remittances provide a significant source of financing for individuals and households, however while remittance flows saw a significant increase after 2012, they have plateaued since 2016 and are estimated to have further declined in 2020 due to the impacts of the Covid-19 pandemic.

In contrast to large and growing volumes of ODA, Jordan has seen a declining trend of foreign direct investment inflows since 2010. Foreign direct investment decreased from $2.2 billion in 2010 to $916 million in 2019, but with a spike up to $2.3 billion in 2014. However, from 2014, when it hit $2.9 billion ODA overtook FDI in absolute volumes, despite the Jordan Compact in 2016 and the anticipated increase in foreign investment to the country.

4.1.1 Trends in Official Development Assistance

ODA remains the most important financial flow specifically targeting the needs of refugees, and for this reason is analysed in more detail in this section.

Despite a relatively developed economy, ODA is a significant source of funding for Jordan as both the Syrian crisis and more latterly the economic impacts of Covid-19 have demonstrated the vulnerability of the country’s economy to external shocks. ODA has been steadily increasing from $1.1 billion in 2010 to $2.9 billion in 2019. In 2020, Jordan had the highest ratio of ODA to government revenue of seven upper-middle-income refugee-hosting countries. However, despite the majority of Jordan’s ODA flows being developmental, most ODA targeted to support Syrian refugees and refugee-hosting areas in Jordan is in the form of humanitarian assistance, around which there is a clear consensus that funding is shrinking, even before the Covid-19 pandemic.

As a ratio of GDP, Jordan is one of the world’s largest recipients of ODA worldwide, and donors appear to be motivated as much by geopolitical concerns as developmental objectives. In a turbulent and conflict-affected region, Jordan’s position as a haven of political stability is highly valued by donors. Large volumes of ODA are given for security and stability reasons, which in some cases takes precedence over developmental objectives and may have reduced incentives for reforms. Recent analysis by the UN highlights how development partners have historically accepted the GoJ’s tendency to prioritise short-term stability over tackling difficult reforms, given the country’s regional and geopolitical importance. Generous levels of ODA have been maintained despite a lack of reforms, although this may be becoming increasingly untenable in the fall-out from the pandemic.

ODA to Jordan has grown significantly since 2010, the majority of which is developmental. There was a notable spike in both humanitarian and development funding in 2014 after the arrival of the majority of Jordan’s current Syrian refugee population in 2013. Humanitarian assistance peaked at 31% of overall ODA in 2014 and has since reduced every year, with the exception of 2018. Developmental ODA significantly increased between 2015 and 2017 coinciding with the signing of the Jordan Compact. Volumes have since fallen and returned to below 2016 levels.
Many donors prefer to provide ODA to Jordan bilaterally, rather than multilaterally, with bilateral relationships enabling negotiation and influence. The proportion of ODA provided bilaterally has been steadily increasing since 2010, amounting to 86% in 2019. The top ten donors to Jordan since 2010 are (in descending order of volume): United States, United Arab Emirates, Germany, EU Institutions, Japan, France, United Kingdom, Kuwait, Arab Fund (AFESD) and Canada.

The United States has been consistently the largest donor by volume to Jordan with a general upward trend in ODA assistance. Volumes provided by the second largest donor, the United Arab Emirates, and to a lesser extent Japan, have fluctuated significantly over the period with more consistent support provided by Germany and the EU.
The majority of ODA to Jordan is provided as grants but since 2017 lending has grown. Since 2010, $22.8 billion of ODA has been provided to Jordan, of which 84% ($19 billion) was provided in the forms of grants. The proportion of ODA provided as grants has increased from 71% in 2010 to a high of 91% in 2018, before dropping back to 83% ($2.4 billion) in 2019, the last year for which comprehensive data is available.

However, lending is on the rise, particularly loans provided as Other Financial Flow (OOF) loans (loans which are not concessional enough to be considered ODA). As illustrated in Figure 4, volumes of OOF loans have historically been similar to ODA loans, though they have overtaken ODA loan volumes since 2018. Since 2010, $8.8 billion of loans has been provided to Jordan for developmental objectives, and the majority – 57% equivalent to $5 billion – has been on less concessional terms i.e. OOFs. In 2019, the volume of OOF loans was $1.1 billion - double that of ODA loans at $510 million.

Figure 4. Volumes of ODA Grants, ODA loans and OOF loans to Jordan, 2010-2019

Sources: OECD DAC CRS and World Bank data.
Notes: Data is in constant 2019 prices.

4.2 DISPLACEMENT FINANCING

ODA is the largest source of financing for meeting both the short, medium- and longer-term needs of Syrian refugees and host communities in Jordan, and its opportunities and challenges are outlined in this section. Nevertheless, securing medium to longer term economic outcomes for refugees requires other financial sources such as blended finance and private finance, explored below.

4.2.1 ODA

Overall, volumes of total ODA supporting Syrian refugees have declined year on year since 2016. According to DI’s analysis, ODA support to Syrian refugees fell from US$1.6 billion in 2016 to US$1.0 billion in 2018.

Support to displacement affected communities appears to be heavily reliant on short-term humanitarian funding sources, which are declining. As shown in Figure 5 the majority of ODA related to the Syria crisis response in Jordan is composed of humanitarian funding and the overall fall in ODA has largely been driven by decreases in humanitarian assistance. Since 2018, humanitarian ODA has plateaued and started to fall. However, volumes of development assistance should be considered a lower bound estimate given the limitations of the methodological approach used to identify development financing oriented to supporting Syrian refugee hosting areas (see Note on methodology in annex for further details). Indeed, recent analysis by the Organization for Economic Cooperation and Development (OECD) finds a different trend for the period 2018-2019, with greater
volumes of development financing than humanitarian being provided for the refugee situation. According to the OECD, Jordan was one of only two countries in the world which received more development financing than humanitarian financing for refugee support. Nevertheless, there are important methodological differences between the two analyses and while the OECD’s covered financing for all refugees, DI’s analysis attempted to focus on the Syria refugee response specifically.

Figure 5. Volumes of humanitarian and developmental ODA supporting Syrian refugees or refugee-hosting areas in Jordan, 2016-2020

Sources: UN OCHA’s Financial Tracking Service, OECD DAC Creditor Reporting System.
Notes: Data is in constant 2019 prices. OECD DAC CRS data (i.e. developmental data) at the recipient country level is only available up until 2019. Development assistance includes ODA, private development assistance and OOFs reported to the CRS to be directed to non-humanitarian sectors.

Data on funding tracked through the Regional Refugee and Resilience Plan (3RP) shows a less marked trend of decreasing funding, with $693 million received towards the plan in 2020 compared to US$744 million received in 2016. As illustrated in Figure 6, the overall trend of declining requirements for the Jordan 3RP chapter since 2015 was reversed in 2020 with a significant increase in both volumes of requirements and funding following the outbreak of the COVID-19 pandemic. The proportion of requirements met has been steadily increasing since 2015, averaging at 67%. This fell to just 47% in 2020 but requirements increased significantly that year too, meaning that the volume of funding provided in 2020 was broadly the same as in 2019.

Figure 6. Funding allocated to the Jordan chapter of the 3RP, 2015 - 2020

Sources: Syria 3RP annual reports.
Notes: Data is in current prices.
In the face of declining humanitarian funding, there have been clear efforts to define and adopt a more mid-term vision for ODA displacement financing in Jordan. Particularly through the work of the Nexus Task Team, chaired by Switzerland and the UK, international stakeholders have sought to build a common vision on how to achieve greater coherence across humanitarian and development funding and programming. The Task force has explored how to sustain or scale up humanitarian assistance for refugees and vulnerable Jordanians, while also addressing medium and long-term socio-economic needs exacerbated by the large refugee presence and the COVID-19 pandemic. The aim is to have progressively more delivery through government mechanisms and institutions for greater sustainability and to reduce duplication and the costs associated with running parallel systems. Progress has been made in a number of sectors, notably health and education, where joint needs assessment and planning are delivering joint results in alignment with national systems. Nevertheless, the Task Team has identified a number of priority areas that warrant a more concerted humanitarian-development focus at scale: water, sanitation and hygiene (WASH), notably sustainable water management in and around refugee camps; job creation and job formalization; access to work; social protection (including access to contributory social protection for informal workers and refugees, and the expansion of the national social protection system in the wake of COVID-19); equitable access to education; a ‘one-refugee’ approach; and gender inequalities.

The COVID-19 pandemic has derailed momentum on this discussion, while simultaneously underlining its importance. In the face of growing vulnerability, it is more important than ever to meet immediate health and socio-economic needs while tackling the underlying conditions that exacerbate them. Notably, the pandemic has given impetus to discussions between donors and the GoJ on reform and expansion of the national social protection system, with new funding announced for the GoJ’s National Aid Fund (see Box 2 on multidonor accounts). A number of donors are reviewing their country strategies to take a more ‘nexus approach’, notably through greater funding to local and national actors. But it is unclear how much buy-in there is for the Task Team’s proposed recommendations, beyond the group itself. Some have suggested that the common vision remains too macro to really influence a shift at the implementation level. Others expressed the view that path dependency in the response and vested interests in the existing humanitarian operating model were some of the biggest barriers to shifting to longer term approaches. Irrespective of the challenges, dialogue with the GoJ is vital to assuage any government fears that nexus discussions are a cover for shifting humanitarian caseloads onto national systems and scaling back funding, leaving the GoJ to foot the bill.

Resource allocation for displacement financing needs to be guided by a shared understanding of vulnerabilities and a common plan to address these. Several stakeholders referred to the importance of implementing a joint comprehensive vulnerability assessment (JCVA) which would standardize the criteria for vulnerability, going beyond status/nationality, as a basis for which to target assistance for refugees and Jordanians alike. While UNHCR, United Nations Children’s Fund (UNICEF), World Food Programme (WFP) have been working with the GoJ to adopt this since 2019, progress has been slow. Data on national unemployment and poverty levels is sensitive and could be perceived as destabilising. Nevertheless, it is considered a first step in aligning the largely parallel social assistance systems that operate in Jordan, and a prerequisite for joint planning to tackle risks and evolving vulnerabilities.

Linked to the question of targeting, this research heard from many interviewees the importance of shifting to a ‘One Refugee Approach’. Concerns were raised that the segmentation of Syrian refugees creates and fosters division between different groups and the segmented labour market leads to unequal outcomes and undermines formalisation of the economy. On the other hand, several development donors reported that their significant volumes of aid were linked to Syria crisis-specific funding streams. This raises the question of the sustainability of these funding sources if targeting and programmes are no longer Syrian refugee-specific.

The national response framework for the protracted displacement of Syrian refugees is complex and does not lend itself easily to the targeting of resources. Six of the most relevant national plans include: the Jordan Response Plan (JRP); Jordan Compact; Jordan 2025: A National Vision and Strategy; the National Renaissance Project (2019-2020); the Economic Growth Plan (2018-2022); the 5-year Reform Matrix (2019-2023); National Strategy for Human Resources Development (2016-2025); and National Social Protection Strategy. The Nexus Task Team has called for more consolidated and comprehensive national planning based on the JCVA in order to guide the allocation of domestic and ODA resources in a more sustainable approach. As it stands, stakeholders...
report a lack of visibility on humanitarian and development funding flows coming into the country (their targeting and desired impact), as well as domestic resource allocation to support Syrian refugees. In the livelihoods sector in particular, some stakeholders felt that coordination fora were more for information-sharing, rather than an opportunity to harmonise and align interventions before they are implemented.

**Jordan has been an innovative partner in pioneering a more sustainable model for refugee management.** To support pathways to durable solutions in the medium to longer term, integrating refugees into national systems is the most durable and cost-effective approach. Indeed, Jordan has been a model for this in the region – the examples of the Multi donor accounts used by various bilateral donors to support refugee access to national health and education services were cited by several (see Box 2), as were the ongoing discussions on integrating refugees into social protection systems. The inclusion of refugees in the Government’s COVID-19 response and vaccination drive was also commended by several interviewees.

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**Box 2: Multi-donor accounts supporting inclusion of refugees in national systems**

The multi-donor accounts for education and healthcare are a good example of donors aligning their support and providing predictable multiyear funding to enable the inclusion of refugees in national systems. Based on a Joint Financing Arrangement signed by multiple donors and the GoJ, they are essentially a mechanism for bilateral and multilateral donors to reimburse the GoJ for the cost of Syrian refugees accessing national health and education services.

A multi-donor account for education was created in 2016 under the ‘Accelerating Access to Quality Formal Education for Syrian Refugee Children’ (AAI) initiative to off-set the additional costs incurred by the Government of Jordan in providing formal education to Syrian refugee children, and has been extended in a second phase in 2020. Over $US126 million has been provided to date, over the two phases, by Australia, Canada, Norway, UK and US. The multi-donor account has been accompanied by technical assistance and significant budget support; Canada, Germany and the EU have provided over US$166 million directly to the Ministry of Education. The initiative has supported national system strengthening, through the gradual integration of its monitoring mechanisms into the broader Ministry monitoring processes. Factors that have facilitated donor alignment in this sector include the existence of a prioritised and costed strategy, the Education Strategic Plan (2018-2022), and strong government-led education sector coordination mechanisms at country level. The second phase of AAI has expanded the scope of the programme to include non-Syrian refugee children and other vulnerable groups.

In the health sector, a multi-donor account known as the Jordan Health Fund for Refugees (JHFR) was established in late 2018 on the initiative of the United States and Denmark. Its creation was a direct response to a policy change by the GoJ to increase the cost of health care for Syrian refugees to the foreigner rate (80 percent of the price of services delivered by the Ministry of Health (MOH)). By subsidizing the cost of healthcare services for Syrian refugees, contingent on the GoJ reversing its policy decision, donors were able to use funding to incentivise the inclusion of refugees in the national health system. Shortly after the creation of the multi-donor account, the GoJ reduced the co-payment rate for Syrian refugees to the same level as for poor uninsured Jordanians (20 percent rate). As of October 2020, $85 million had been provided by the US, Denmark, Qatar, Canada, the World Bank, Italy and Germany. In 2020, following advocacy by supporting donors, the GoJ enlarged the scope of fund to include all UNHCR-registered refugees, thereby expanding access to healthcare for nearly 100,000 refugees from some 56 countries.

A third multi-donor account was established recently in response to economic hardship resulting from the COVID-19 pandemic; however, it does not have a refugee focus. In mid-2020, US, UK and Spain signed a Joint Financing Arrangement for over $26 million with the Government of Jordan’s National Aid Fund (NAF) to expand social assistance for vulnerable Jordanians, particularly those severely impacted by the pandemic.
Partners emphasised mainstreaming inclusion of refugees into regular development cooperation going forward, but it is unclear to what extent this is happening in a meaningful and systematic way. For example, future EU funding will be provided through the new NDICI instrument, but the form that it takes in supporting situations of protracted forced displacement like in Jordan is yet to be determined. Mainstreaming financing support for refugees is also a sensitive topic with the government, which is reportedly less likely to approve development projects with a refugee component. It also has advantages and drawbacks – development cooperation targeting is often based on assessments of vulnerability and poverty, but may not sufficiently take into account the specific needs and protection concerns of refugees.

A number of dedicated displacement financing instruments set up to support the refugee response in the region operate in Jordan. As illustrated in Table 1, these include the Jordan Humanitarian Fund, the EU Regional Trust Fund in Response to the Syrian Crisis (EUTF Madad), the Minka Peace and Resilience Fund, and the Global Concessional Financing Facility, all established from 2014 onwards with the growing recognition that the crisis was likely to be protracted and required new financing approaches. The evidence on the extent to which these financing instruments are enabling medium to longer term outcomes is variable and outlined below.

Table 1. Summary of displacement financing instruments for the Syria crisis response in Jordan

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<tr>
<th>Financing Instrument</th>
<th>Source of finance</th>
<th>Summary</th>
<th>Support to economic opportunities</th>
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<tr>
<td>Jordan Humanitarian Fund (JHF)</td>
<td>Humanitarian</td>
<td>The Jordan Humanitarian Fund (JHF) is an OCHA-managed Country-Based Pooled Fund. The JHF was established in 2014 with the aim of providing flexible, coordinated and timely funding to address the humanitarian needs of Syrian refugees and vulnerable host communities in Jordan. The pooled fund is managed by the Humanitarian Coordinator in Jordan. The JHF operates within the framework of the Jordan Response Plan (JRP), funding projects that are aligned with the JRP. In 2020, the JRF allocated US$10 million, of which US$2.8 million went to national NGOs.</td>
<td>The JHF has not made any specific allocations in support of livelihoods or economic opportunities in the past three years.</td>
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### Financing Instrument

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<th>Financing Instrument</th>
<th>Source of finance</th>
<th>Summary</th>
<th>Support to economic opportunities</th>
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<tr>
<td><strong>EUTF Madad</strong></td>
<td>Development</td>
<td>The EU Regional Trust Fund in Response to the Syrian Crisis (EUTF Madad) was established in 2014, with pledges of 185 million euros (regionally) to address educational, economic, social and health needs of Syrian refugees while also supporting overstretched local communities and their administrations. The Trust Fund is a key instrument for the delivery of the EU’s pledges made at the London conference on Syria in 2016 and the Brussels conferences on the Future of Syria and the Region in the following years. In Jordan, the instrument aligns with the Jordan Response Plan, Regional 3RP and the Global Refugee compact. The instrument funds over 36 projects in Jordan that support Syrian refugees, Palestinian Refugees from Syria and vulnerable host communities. The Trust Fund aims to pursue a longer-term resilience agenda that has a transformative effect on public service delivery systems across a range of sectors. By June 2020, the EU Madad Trust Fund had mobilised a total of 2.3 billion euros.</td>
<td>The EUTF Madad has funded a two-year 22 million Euro project in the agricultural sector implemented by International Fund for Agricultural Development, Food and Agriculture Organization (FAO) and WFP, aiming to improve agricultural productivity for vulnerable agriculture-based host communities and Syrian refugees and increase employment opportunities through sustainable management of natural resources. Acting on a recommendation of an evaluation of its livelihoods portfolio, the EUTF Madad has recently funded two large projects in the social protection sector employing ‘graduation’ approaches to support the most vulnerable to transition from cash assistance to sustainable employment over the period 2020-2023: 1) the LEADERS project implemented by UNICEF and International Labour Organization (ILO) with a budget of 14 million Euros to support the implementation of the Jordanian National Social Protection Strategy (2019-2025); and 2) a 45 million Euro UNHCR project ‘Providing social protection assistance for refugees in Jordan’. The EUTF Madad also funds projects supporting vocational training and access to higher education for Syrian refugees. Due to the multi-sector, multi-country nature of EUTF Madad projects, it is not possible to disaggregate from publicly available data the total amount of funding directed to economic opportunities in Jordan.</td>
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<tr>
<td>Financing Instrument</td>
<td>Source of finance</td>
<td>Summary</td>
<td>Support to economic opportunities</td>
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<tr>
<td>Minka Middle East Initiative</td>
<td>Development (peacebuilding focus)</td>
<td>The French Agency for Development (AfD) launched the Minka Middle East Initiative in 2017 to address consequences of the Syrian and Iraqi crisis, mitigating the vulnerabilities generated by population displacement and strengthening the resilience of host countries. The initiative offers 290 million euros over five years to Syria, Iraq, Lebanon, Jordan, and Turkey. Minka currently has a portfolio of six active projects in Jordan, with a combined budget of 39.3 million euros. With different start and end dates, the projects span 2016 – 2023.</td>
<td>The Minka Fund currently supports four projects in Jordan under the economic opportunities pillar, for a total of 18 million Euro; three of these are focused on Technical and Vocational Education and Training for Syrian refugees and young Jordanians, implemented by Jordanian educational institutions. The fourth is focused in the agricultural sector, to improve work conditions and the income of farm workers.</td>
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<tr>
<td>The Global Concessional Financing Facility (GCFF)</td>
<td>Development</td>
<td>The Global Concessional Financing Facility provides development support on concessional terms to middle-income countries impacted by refugee crises. The facility was launched in 2016 to response to the Syria crisis and supports Syrian refugee hosting countries to address medium and longer term solutions. Since its inception it has disbursed over $658.55 million in concessional funding, supporting 17 operations worth over $4.8 billion. In Jordan to date, the GCFF has mobilised US$393 million in grant funding, which has been used to soften the terms of loans worth $2 billion. This supports eight projects which focus on economic opportunities and job creation, basic services such as energy and wastewater treatment, health care and education.</td>
<td>Of the eight projects supported by the GCFF in Jordan, three are focused on economic opportunities: Economic Opportunities for Jordanians &amp; Syrian Refugees 2016-2023 (US$ 400 million); Jordan First Equitable Growth and Job Creation DPL 2018-2020 (US$ 500 million); and Jordan Youth, Technology, and Jobs 2019-2025 (US$ 200 million).</td>
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The GCFF has been recognised for its role in contributing to stabilizing the situation in Jordan at the onset of the Syrian refugee crisis and has been largely successful in its stated objective of supporting the GoJ to address the impact of significant refugee arrivals, according to a recent evaluation. In Jordan, the GCFF has found a favourable operating environment and its concessional finance model has incentivised the inclusion of pro-refugee elements in project design. This is in contrast to Lebanon, where significant project delays and the deteriorating political and economic situation have limited the extent to which GCFF projects are able to support refugees and host communities, and the government’s commitment to pro-refugee policies is in doubt. The GCFF has found an engaged interlocuter in the GoJ, one that is willing and able to implement refugee-inclusive policies. As a result, Jordan is the largest recipient of GCFF funding to date having received 60% of total allocations, with a relatively high disbursement rate of funds (70% compared to only 6% in Lebanon).

The one area where the GCFF performance is unproven is on coordination. Under the former results framework, the GCFF had a target to make “a useful contribution to coordination efforts” as measured by perceptions of its stakeholders. This proved impossible to accurately measure or track and the indicator is to be revised. The evaluation found mixed views on the GCFF’s effectiveness as a coordination platform and recommended that it clarify its coordination and policy outreach objectives going forward. Specifically in Jordan, closer alignment with the 3RP was highlighted as something the GCFF could increase to strengthen its efficiency and effectiveness. For its second phase, the GCFF plans to enhance its country-level coordination through more regular country level meetings and better leveraging existing coordination structures.

Going forward, the GCFF aims to have a stronger focus on demonstrating impact on refugees and host communities. The evaluation found that refugee benefits were mixed across the project portfolio, although this was not a concern in Jordan. In response to stakeholders’ requests for more evidence on the overall impact of the GCFF on refugees and host communities, the second phase of the GCFF running from 2021 to 2026 will include a number of adaptations, including a stronger focus on results. The GCFF’s theory of change and fund-level results framework are to be revised, to be more outcome oriented, flexible, reflective of both fund-level and project-level results, and inclusive of both quantitative and qualitative dimensions.

While the GCFF channels financing through Multilateral Development Banks, the EUTF Madad is a key instrument channelling funding through UN Agencies and NGOs for the Syria crisis response. The EUTF Madad is a large scale, cost-effective mechanism for channelling non-humanitarian aid from the European Union and its Member States, bringing a more coherent and medium-term response to needs generated by the Syria crisis. A mid-term evaluation of the EUTF Madad found that it had largely met its expected aims: the multi-sectoral and multi-partner approach was relevant, contributed to increased coherence of the response and helped the EUTF Madad to be generally effective in bridging humanitarian-development efforts. Further, the EUTF Madad had operated flexibly, evolved over time to be more responsive to recipient country contexts and plans, and generated added value beyond what individual EU member states could have accomplished alone; however, it had also been slow to adapt to changes on the ground, with lengthy contracting processes causing bottlenecks, and the regional/multi-country approach had led to delays in implementation in many cases rather than the intended synergies.

The Minka Middle East Initiative also provides ‘nexus-oriented’ funding, with promising approaches emerging but evidence on impact not yet available. The Minka Fund managed by the French Development Agency AFD is another instrument channelling significant volumes of funding to UN Agencies and NGOs in Jordan, although on a smaller scale than the EUTF Madad. Like the EUTF Madad, the Fund is specifically designed to strengthen a humanitarian-development-peace ‘nexus’ approach, funding projects targeting forcibly displaced persons and vulnerable host community members together and coupling short-term rapid response activities with longer-term actions to tackle the structural causes of fragility. As a development bank, AFD is able to provide multi-year funding through the Minka Fund (projects are generally five to eight years duration although can be shorter), enabling projects to aim for medium-term outcomes. The Fund includes a strong action-research component in the Middle East to support the design of new projects and ensure their contextual relevance.

Independent evidence on the effectiveness of the Minka Fund as an instrument for supporting medium to longer term outcomes for Syrian refugees is not yet available, but the Fund is currently
being evaluated. This independent evaluation will generate evidence on results at both Fund and project level, and its findings will inform reflections on the Fund’s positioning, governance and strategy over the next five years. Nevertheless, lessons learned from operations to date have led to greater inclusion of the ‘do no harm’ principle across Minka’s project portfolio accompanied by adapted monitoring and evaluation systems at project level to ensure “do no harm” and context analyses are integrated throughout the project lifecycle. A stronger focus on localisation commitments is being brought to bear, with the inclusion of a local partner in every project funded.

In the end, this research did not investigate the Jordan Humanitarian Fund (JHF) due to the primarily short-term humanitarian nature of its funding and the relatively small scale of operations ($10 million allocated in 2020, primarily focusing on the COVID-19 response).

4.2.2 Blended finance

Blended finance involves the use of public or philanthropic funds as leverage to mobilise new or additional private finance into investments that have social or environmental impact and generate financial returns for private investors.

Concerns around aid dependency and a desire to mobilise new and additional sources of finance to support displacement affected communities have led to growing interest in the use of blended finance in Jordan. It can be used on a large scale to support infrastructure projects, like the expansion of As-Samra Wastewater Treatment Plant in Jordan. However, the relevance of blended finance for Syrian refugee-hosting areas is perhaps greater at the level of entrepreneurs and micro, small and medium sized enterprises that are refugee-owned or -led, employers of refugees, or providing products and services in refugee-hosting areas. When it comes to attracting investment into this ecosystem, blended finance is crucial to incentivise greater private sector involvement. It can help to limit investor uncertainty, ‘de-risk’ investments and support pilot initiatives to scale up to a position of commercial viability. Both ODA and philanthropic funds from individuals or foundations are playing this catalytic role in refugee-focused blended finance initiatives in Jordan.

Microfinance is one of the more developed uses of refugee-focused blended finance in Jordan. For several years, blended finance has been used to ‘de-risk’ lending to Syrian refugee entrepreneurs through micro-finance institutions. Due to the perceived flight risk of refugees and their lack of credit history in the country, formal financial sector lending to refugees in Jordan is extremely limited. The Dutch development bank FMO was the first to provide a risk-sharing facility for refugee entrepreneurs from the Syrian crisis, as a pilot under its NASIRA program. It offered a portfolio guarantee of up to $1.5 million to Tamweelcom, Jordan’s second-largest micro finance institution, to stimulate lending to Syrian refugee entrepreneurs normally perceived as too risky. From the point of view of EBRD and MFW, the experience has been a success, with reportedly rapid disbursement of loans to Syrian women and a high repayment rate on the part of these borrowers. Initial reluctance of the microfinance institution to lend to Syrian women has been overcome, to the point where MFW is no longer dependent on financing provided by an IFI to continue lending to Syrian refugees. However, no evidence appears to be available on the impact of this lending on the lives of the Syrian women borrowers.

The use of blended finance is expanding to support Small and Medium Sized Enterprises (SMEs) that create positive impacts in refugee and host communities. The GCFF is preparing to pilot its first operation in support of private sector activities, through a partial portfolio guarantee implemented by the European Investment Bank (EIB) to encourage commercial banks to lend to SMEs that employ refugees, although the exact scope was still being defined at the time of writing.
are too big for micro-finance, too small for private equity funds, and too risky for traditional security-based lenders. The project also has a component of advocacy to improve the legal structures for social enterprises. By catalysing private sector investment in viable social enterprises that are responding to a need in the local market, the project is aiming to contribute to developing the local economy in refugee-hosting areas in a sustainable way.

Also operating in this space is the Noumou Jordan Fund, managed by impact-focused private development finance institution GroFin and supported by bilateral donors, private foundations and Development Finance Institutions. The Fund provides medium-term risk finance to women-owned and employment-intensive SMEs, with a particular focus on those owned by or employing refugees or migrants. Roughly a quarter of its client businesses are owned by refugees and non-Jordanians and across the Fund’s whole portfolio, it is sustaining 1,789 direct jobs of which 198 are held by refugees and migrants (down from 206 jobs in Q4 2020).

The International Finance Corporation (IFC), in partnership with the government of the Netherlands, most recently launched a new $17.5 million blended finance investment facility, as part of the PROSPECTS initiative (see Box 7) supporting refugees and host communities in eight countries, including Jordan. The facility will aim to de-risk investments to catalyze private sector financing in areas that address economic and social challenges of refugees and host communities. By supporting pilots and innovative approaches, it seeks to provide proof of concept for commercially viable refugee-focused investments.

Focusing at the micro-entrepreneur level, the Refugee Livelihoods Development Impact Bond (DIB) (see Box 3) is another form of blended finance designed to create a positive social impact as well as a financial return.
Box 3: Refugee Livelihoods Development Impact Bond

The first Development Impact Bond (DIB) to specifically target refugees is about to be launched in Jordan. The Refugee Livelihoods Impact Bond, developed by KOIS, Near East Foundation (NEF) and IKEA Foundation, is the first of its kind in the world. Due to be launched in Q4 2021, after five years of development, it aims to support sustainable livelihoods of both refugees and members of host communities in disadvantaged urban areas in Jordan and Lebanon, through the creation of 4,000 - 5,750 sustainable micro enterprises over four years, with a particular focus on women and youth.76 The desired outcomes will be measured by two key impact metrics: number of businesses still active after 10 months and increase in household consumption after 2 years.77

Bringing together new funding partners with a rigorous results-based program mechanism, the Refugee Livelihoods Impact Bond is essentially a payment for results model that offers a premium to impact investors. The US International Development Finance Corporation (DFC)78 is the first impact investor to publicly commit funds, with a $10 million loan to NEF.79 Investors stand to earn up to an 6% internal rate of return,80 but the rate of reimbursement depends on the results achieved. Investors are guaranteed under all circumstances to receive a percentage of their capital back but depending on the impact metrics – independently verified by a third-party evaluator – the outcome funders, IKEA Foundation and others, will either repay the loan partially, in full, or in full with a premium on the top. The operational budget - $15 million for Jordan and Lebanon over 4 years – is relatively small compared to the needs, although considered large for an untested DIB.

It is too early to say what impact this financing mechanism will have on achieving medium to longer term outcomes in the Syrian displacement context. Nevertheless, the design of the DIB offers some advantages for the implementing partner and outcome funder. With its focus on outcomes (rather than inputs or activities) and provision of funding up front for a four-year timeframe, the DIB offers the implementing partner the flexibility to innovate and adapt their approach while working towards medium-term outcomes. This is particularly important in Jordan, where annual funding for livelihoods programming is the norm and the business environment is vulnerable to external shocks and subject to frequent policy changes.81 For the outcome funder, some of the initial risk is assumed by the investor, and they will only need to pay in full if results are achieved.

Despite the long lead-in, stakeholders are optimistic about the potential of the DIB. The process kicked off in September 2016, and the DIB was initially expected to be launched in mid-2018.82 It was necessary to identify impact investors and outcome funders, fundraise, build relationships, agree on a fair degree of risk sharing between the diverse stakeholders, satisfy the due diligence requirements of all parties, negotiate the complex contractual arrangements between them, and identify appropriate, robust impact metrics to trigger repayment; all of which took longer than expected. Those involved are positive about the potential to scale or replicate the model elsewhere, now that a common platform has been established and useful learning generated. According to one outcome funder, while it may cost them more in the short-term (as they have to cover the premiums and the cost of the third party monitoring and evaluation as well as the cost of the programming), if it leads to better outcomes or more effective and efficient programming then this will be a cost-saving further down the line.

Beyond the programmatic results which will take some years to be known, testing a new model is important in itself to generate learning about its potential as an additional tool in the displacement financing toolbox. Actors involved see the DIB’s value in generating new approaches, stimulating thinking on programme design to get the best impact, and bringing new actors into the reflection on refugee livelihoods. There is a strong desire to demonstrate ‘proof of concept’ and an expectation that it will generate evidence on successful approaches to supporting refugee economic self-reliance. The process itself has also reportedly brought new funders into the refugee space, and led to one bilateral humanitarian donor modifying its internal policies and procedures to be able to engage differently.

Barriers to blended finance initiatives include the restrictive regulatory and right-to-work environment for refugees and the challenging economic climate. The SDC social entrepreneurship programme aims to mobilise 50% co-financing from private sector actors, but these have faced pressures on their own resources due to the economic downturn associated with the COVID-19 pandemic. The risk aversion of private sector actors has led the implementing partner to revise their expectations downwards in terms of the amounts that can be mobilised from each individual contributor. At the design phase, the restrictions on refugees’ right to work led the project to focus at the social enterprise level rather than directly on refugee beneficiaries for greater impact.
Even before the COVID-19 pandemic, the performance of the Nomou Jordan Fund had been sluggish due to low economic growth, reduced consumer confidence and purchasing power, and a restrictive right-to-work environment for refugees. The pandemic and related lock-down measures has slowed fund investment activity, and seen investee businesses reduce their operational capacity by half and suffer job losses. Despite its strong focus on supporting refugee-owned or refugee-supporting business, only 23% of total investments to date have been disbursed to refugee and non-Jordanian-owned businesses ($5.9 million out of $25.8 million), which is perhaps an indicator of the difficulty of supporting economic self-reliance of refugees in the current legal and policy environment.

Although there is growing interest in the use of blended finance in Jordan, evidence on impact is thus far limited. Going forward, greater transparency and reporting on impact is needed to inform decision-making and assess the added value of blending versus other financing mechanisms. Further, as the number of initiatives in this space grows, it will be important to ensure coherence between them and link them to national private sector development strategies, rather than being driven by the priorities and criteria of individual donors and Multilateral Development Banks (MDBs).

**Box 4: Innovative financing**

There is no officially agreed definition of innovative financing. However, it is commonly understood to include either efforts to mobilise additional funding for development (typically from private sector investors or private funders) or instruments designed to make financing more efficient. For example, the OECD describe innovative financing as “initiatives that aim to raise new funds for development, or optimise the use of traditional funding sources.”

This research came across examples of financing instruments that seek to incentivise private sector investment that could be considered ‘innovative financing’, such as risk guarantees to microfinance institutions, blended finance in the form of the Refugee Livelihoods Development Impact Bond (DIB), or grant financing to promote business investment or expansion, as in the SEMD project. These are included under section 4.2.2 Blended finance and 4.2.3 Private finance. No examples of innovative finance that fell outside these two categories were identified, therefore it has not been included as a standalone section in the report.

**4.2.3 Private finance**

Private financing covers a diverse range of external and domestic financial flows including private lending and investment, private philanthropy and individual charitable giving, and remittances. This section focuses on efforts to mobilise private capital to invest in refugee-related businesses, as this is where the research found momentum generated through a number of new initiatives.

Jordan needs greater levels of private investment to boost economic growth and create more jobs if it is to meet the challenge of absorbing its growing youthful population into the labour market. Ensuring that investments benefit refugee-hosting areas is an additional challenge. Despite global level promise and interest in mobilising the private sector in support of durable solutions to forced displacement, very little finance has been disbursed to date due to a lack of investment opportunities of the size, rate of return and risk profile that is attractive to commercial, institutional or development investors. Many micro and small enterprises – which make up the vast majority of private sector establishments in Jordan – struggle to access sufficient appropriate financing to expand or improve their business, and the challenge is particularly acute for Syrian firms.

With a growing focus on attracting private investment into refugee-owned, -led or -supported businesses in Jordan, social impact investors have been identified as those most likely to be the early movers to intentionally invest in support of vulnerable communities. Impact investment seeks to achieve a double or triple bottom line, simultaneously trying to generate not just economic returns, but also social and/or environmental returns. In general, volumes of impact investment capital in the MENA region are low compared to other regions but growing fast. According to the Global Impact Investing Network Annual Impact Investor Survey 2020, only 2% of investment capital was allocated to the MENA region. However, a UNDP initiative, SDG impact Jordan, is working to mobilise private capital for SDG-aligned investment opportunities in Jordan. For those working globally to catalyse refugee-specific impact investment, Jordan has been selected for a number of
new initiatives (outlined below) because of its sizable refugee population, investment climate that is understandable and manageable, and potential for increasing employment for refugees in targeted communities, among other reasons.

Several notable early-stage initiatives are looking to mobilise private investment for social impact to the benefit of Syrian refugees in Jordan, but are taking time to get off the ground. Focusing on the bigger size investment tickets (for example, $2 million or higher) are the Small Enterprise Assistance Fund (SEAF) and the World Bank’s Refugee Investment and Matchmaking Platform (RIMP) Investment Catalyst. SEAF, advised by the RIN, is in the process of developing the Globally Displaced Peoples’ Fund, the first global equity impact investment fund targeting small and growing businesses that have a positive impact on displaced and host communities. The USD100 million investment fund will provide growth capital and finance across five regions of the world, with a focus on Jordan and the Levant, but is reportedly taking time to mobilise the necessary resources. The RIMP launched in late 2018 with a similar aim to catalyse refugee-focused investments but has faced delays working with numerous partners to finalise the investment catalyst design.

Focusing on smaller-size investment tickets are Alfanar, and a partnership between i-Gravity and DRC. Alfanar is a venture philanthropy organisation headquartered in Lebanon developing a regional impact investment fund to support social enterprises that have a clear impact on vulnerable communities, including refugees. i-Gravity and DRC are developing an impact-first fund that blends investments and grants to offer favourable financing and technical assistance to local enterprises that have the potential to positively impact refugee and host community employability, create employment opportunities and offer products and services to underserved refugee hosting areas. The aim of the vehicles that can align expectations of investors with opportunities in the market and provide catalytic capital, to spark impact that would not otherwise have been possible and demonstrate success to generate further investment.

Impact investors are responding to a gap in the market for alternative finance to support refugee-related businesses in Jordan, but it is unclear what the size of that gap is. The initiatives mentioned above are seeking to meet the specific financing needs of micro, small and medium businesses or social enterprises that employ refugees, are refugee owned or led, or provide goods and services to displacement-affected communities, which are different than those of traditional high growth businesses in developed economies. Interviewees highlighted the need for more “patient capital” in different forms (e.g. recoverable grants, revenue share agreements, concessional debt) that is smaller-scale, more flexible and provided over longer timeframes than that provided by most commercial or institutional investors, to allow entrepreneurs to learn, innovate and iterate. But, what the potential is for refugee-focused investment in Jordan remains to be determined. Jordan is not a big market; and if all the new initiatives do get off the ground it is not clear whether they will be sufficient to meet demand or will saturate the market. On the other hand, several interviewees stressed the importance of having diversity in the capital community and the hope is that these funds will play complementary roles.

Private philanthropic funds have the potential to provide catalytic capital to accompany social impact investment initiatives in Jordan. Many of the models operating or under development in this space include technical assistance or components of grant funding (sometimes referred to as ‘venture philanthropy’) alongside the provision of investment capital. But raising finance to support these approaches requires specific types of partnership. Despite the significant interest in innovative financing approaches from bilateral and multilateral donors, supporting impact investment is somewhat of a ‘grey space’ that many struggle to operate in due to legal and regulatory restrictions. Data is not available on total volumes of funding provided by private foundations in Jordan, let alone to support private sector refugee-focused initiatives. But a number of interviewees reported that Jordanian philanthropists and other individuals, private trusts and foundations were providing patient capital. Private philanthropic finance can be less restrictive than institutional donors, able to work over longer time horizons than the fiscal year and have a greater tolerance for risk.

To further support impact investment initiatives, partnerships between humanitarian actors and the investment community will need to be developed and expanded. In general, interviewees reported that partnerships between private sector and humanitarian actors are still relatively nascent, and the refugee investment lens community is even newer. Supporting refugee economic inclusion requires long-term strategic engagement between the private sector and development and humanitarian actors. Both the mandates and longer-term financing of development actors,
notably the IFIs, have enabled partnerships with private sector which can be leveraged to design and implement economic inclusion interventions that target marginalized groups. This is the basis for the EBRD’s inclusion model, under which Syrian refugees and other marginalized groups are provided with skills training and then linked up with EBRD client SMEs for employment opportunities. Humanitarian actors operating under one year grant funding have less ability to develop such partnerships. This was one of the motivators for DRC to design an impact-focused fund aligned with DRC programmes in Jordan, to enable the organisation to engage structurally on the demand side of the labour market, supporting businesses in complement to its grant-funded work supporting refugees. Innovative approaches like this will demand more investment in developing these relationships further to bring together the expertise of humanitarian, development, and private sector actors.

Challenges remain around matching expectations of investors with opportunities in the market, but several initiatives are working to overcome these. After initial interest in Jordan a few years ago, impact investors apparently walked away after unrealistic expectations on the size of investments and rates of return on the part of investors were not met. The Refugee Investment Network (RIN) with funding from JICA is working to meet this challenge, undertaking a system mapping and identification of a pipeline of potential opportunities, that will serve as a basis to bring together displaced entrepreneurs, businesses, impact investors and other key stakeholders in the humanitarian and development communities. The World Bank’s Refugee Investment and Matchmaking Platform (RIMP) funded by the UK is another example of a project designed to create employment for refugees by matching Jordanian and refugee owned businesses with international business partnerships and direct investments and capitalizing on Jordan’s export potential. However, learning from the first two years of the project highlighted a challenge in maintaining a strong focus on refugees and recommended a greater focus on initiatives that have direct impact on refugees, within sectors open to refugee employment.100

5. ECONOMIC OPPORTUNITIES FOR REFUGEES: LESSONS FOR FINANCING

The research focuses on the thematic area of economic opportunities as an analytical lens through which to understand how financing is supporting medium to longer term outcomes. It was chosen because of the significant momentum generated in this thematic area by the Government of Jordan and international partners and its potential for generating useful and relevant findings. Integrating Syrian refugees into local Jordanian labour markets is considered a key enabler for achieving medium to longer term outcomes in the absence of long-term durable solutions. This section looks specifically at the challenges and lessons learned for financing to support the economic self-reliance of Syrian refugees and their host communities, and attempts to draw out the implication of these lessons for the wider financing picture.

A number of challenges stand out in adapting financing to better meet medium to longer term needs and support economic self-reliance. Firstly, the numerous legal, regulatory and policy barriers faced by Syrian refugees limit what financing can achieve. Barriers in the enabling environment are driven by underlying political and economic circumstances, including the preferences and priorities of ODA donors, domestic political considerations and underlying structural weaknesses in the economy exacerbated by the pandemic (all described in more detail in the Context section above).

Secondly, limited resources and shrinking aid budgets mean hard trade-offs must be made and donors are under pressure to prioritise acute needs over medium-term approaches. Shrinking aid budgets are significant because ODA is and will remain the most important source of finance for displacement-related needs in Jordan in the medium-term. Other sources are small and untested, and in the medium term will not be able to scale up sufficiently to compensate for falling aid budgets. Shrinking aid budgets are both due to global pressures and context-specific, with concern about ‘donor fatigue’ in Jordan and increasing levels of vulnerability meaning that ODA budgets will need to go further as greater numbers of vulnerable Jordanians require support. As highlighted in section 4.2.1 above, the response for Syrian refugees and their host communities in Jordan is still heavily reliant on humanitarian funding sources, which are declining. Although this research could not
find data on the number of economic opportunities projects supported through multiyear funding or financing, NGO implementing partners reported that in the livelihoods sector, much of the funding they receive is annual from humanitarian funding streams. In this context of limited resources, donors are being forced to make tough choices about how to use their funding. This research found two instances of bilateral donors opting to use scarce funding to reach the maximum number of people with short term cash assistance rather than investing in sustained livelihoods support for fewer people (see Box 5 Partnerships for Prospects Initiative for one example).

**Box 5: Partnerships for Prospects Initiative (P4P)**

Cash for work is an important approach in the livelihoods sector, and one of the largest programmes is the Federal Ministry for Economic Cooperation and Development (BMZ)'s Partnerships for Prospects Initiative (P4P). Launched in 2016, the P4P is an ambitious regional initiative aiming to bridge the gap between short-term measures and longer-term outcomes, by providing short-term employment through cash for work to build and maintain infrastructural public goods to create lasting improvements in host communities and contribute to social cohesion. In 2020, 353 million Euros was allocated through the P4P in five countries, including Jordan. In Jordan, the P4P also funds teacher salaries. While it mostly provides temporary jobs, it is increasingly trying to create medium-term and long-term prospects through training and support for start-ups. Some beneficiaries of cash for work are referred for permanent employment to a large BMZ-funded project implemented by GIZ, Trade for Employment (2017-2021), which focuses on increasing formal employment in trade-oriented manufacturing particularly for Syrian refugees and Jordanian jobseekers.

A recent evaluation of the programme highlighted the challenges it faced in meeting medium to longer term needs. The evaluation found that while the cash for work elements had played an important role in temporarily alleviating the precarity of refugees and vulnerable Jordanians, particularly poorer households and women, it was only marginally effective at “bridge-building to sustainable, long-term outcomes”. Nevertheless, the evaluation concluded that in the current context – of increasing needs, declining donor interest, a deteriorating economic context and little prospect of return or integration in the medium term – it was appropriate for the programme to continue to focus mainly on short-term measures reaching as many people as possible, rather than investing in more intensive measures in a limited number of individuals to achieve longer term outcomes (unless such individuals have “relatively secure prospects of integration”).

A third challenge relates to the set-up of the aid system itself, in which rigid distinctions between humanitarian and development funding sources inhibit pursuing comprehensive appropriate longer-term approaches. Refugee livelihoods stands out as an example of a programming area that does not sit naturally in either traditional ‘development’ or ‘humanitarian’ camps and therefore struggles to attract appropriate longer-term financing. While medium to longer term developmental approaches are required for sustainable livelihoods support, refugees are considered a ‘humanitarian caseload’ and this research heard anecdotes of donors struggling provide appropriate funding within their existing organisational set-up.

Nevertheless, in Jordan, financing is addressing these challenges in a number of ways. Firstly, packages of financing have helped to incentivise and influence policy reform to create a more enabling environment for economic opportunities for Syrian refugees. Improving access to livelihoods and economic opportunities for Syrian refugees has been a major focus of the response since the signing of the Jordan Compact. Donors have designed financing packages calibrated to support the objectives of the Compact. One of the most important examples is the World Bank’s $400 million Economic Opportunities for Jordanians and Syrian Refugees Program-for-Results project (see Box 6). The modality of this lending instrument links the disbursement of loans directly to the delivery of defined results, in this case the number of work permits provided to Syrian refugees as well as implementation of a number of reforms designed to improve conditions in the labour market for Syrian refugees and the investment climate overall. Beyond enabling access to the formal labour market through work permits, the project is supporting the GoJ to gradually introduce a flexible work permit system valid across sectors in five major occupation groups to increase the formalization of Syrian labour. Other policy shifts stimulated by the project include the lifting of restrictions on home-based work in the tailoring, food, and crafts sectors the easing of regulations related to employing Syrian workers in sectors such as agriculture, manufacturing, and construction.
The project is supported by the GCFF which blends grant funding with loan financing provided by World Bank to increase the concessionality of the loan, effectively lowering the cost of borrowing. Once the GoJ has met the disbursement-linked indicator, it can use the loan financing at its discretion. Indeed, two of the largest projects supported by the GCFF in Jordan - Jordan Education Reform Support project and the Economic Opportunities for Jordanian and Syrian refugees project – use the ‘Programme for results’ modality to incentivise reforms benefitting refugees in order to unlock loans benefitting all residents of the country.

Box 6: Economic Opportunities for Jordanians and Syrian Refugees project and the work permit debate

A key focus of the Jordan Compact has been the provision of work permits to Syrian refugees and over 220,000 have been issued to date. The World Bank’s Economic Opportunities for Jordanians and Syrian Refugees Program-for-Results project has been the vehicle for supporting the GoJ in issuing permits. Since it began in 2016 up to December 2020, 210,888 work permits were issued. In 2020, 38,756 were issued out of a target of 25,000. Progress in issuing permits has been slower than expected and indeed, in previous years, the number of permits issued was significantly below target (85% in 2017, 51% in 2018, 37% in 2019) but the targets were more ambitious (90,000 in 2018 and 130,000 in 2019).

A number of criticisms have been made of the focus on work permits. Chiefly, the number of permits issued does not give an accurate picture of the number of Syrians actually in work as it includes expired permits and renewals, and many Syrians engaged in cash-for-work projects or in work from the camps have limited durations, leaving most with formal livelihood opportunities only for a few months during the year. The strong focus on outputs rather than outcomes, such as sustainable employment secured or increases in household incomes, means that the extent of real change in the economic self-reliance of Syrian refugees is not being measured or monitored.

On the other hand, results-based financing mechanisms work best when structured around quantitative results that are objective, measurable and verifiable. A quantitative target can also serve to mobilise diverse actors around a clear goal, as some argue was the case in Jordan. The World Bank also monitors the number of Syrians working formally and informally as a way of understanding the wider impact of the project, and reports that the number of Syrians working overall has increased over the lifetime of the project as mindsets against Syrians working have shifted.

The World Bank has considered the Economic Opportunities for Jordanian and Syrian refugees project successful enough to invest further in it, with an additional USD 100 million from an exceptional allocation from the World Bank’s International Development Association (IDA) in 2020. With the additional financing, the project’s timeframe was extended and scope expanded, in order to tackle some of the structural barriers to economic self-reliance brought to light during project implementation and build on lessons learned to date. For example, the project will support the Government to undertake private sector enabling and labour market reforms as laid out in the government’s Five-Year Reform Matrix, with a focus on decent work, financial inclusion, entrepreneurship, and export competitiveness especially in the agricultural sector, with a strong emphasis on women’s economic empowerment throughout.

Outside the sphere of economic opportunities, the example of the Jordan Health Fund for Refugees (see Box 2 on multidonor accounts) and advocacy by its supporting donors, including the World Bank supported by the GCFF, is credited with encouraging a policy reversal on the increased co-payment rate for health services.

However, there is a limit to the influence financing can exert. Despite the efforts of the Compact, major structural, legal and regulatory barriers remain that hamper Syrian refugees’ ability to access livelihoods, particularly for women, and exacerbate their vulnerability. Despite the significant amount of attention given to it, the medium to longer term outlook in terms of economic opportunities for Syrian refugees in Jordan is uncertain. Their immediate future relies on socio-economic inclusion in Jordan, but by some accounts the “situation for refugees is as bad as it was before the 2015 forced migration crisis”. The foundations for economic self-reliance remain out of reach for the vast majority of Syrians: access to decent, formal employment; opportunities for higher education and to occupy skilled professions; financial inclusion; the right to move freely, own
a business and assets. The economic situation in Jordan is markedly worse now than at the signing of the Jordan Compact due to the Covid-19 pandemic, and the related increases in poverty and unemployment will further constrain opportunities for Syrian refugees.

**Nevertheless, there are opportunities for international financing to be used to improve economic prospects for Syrians in the short to medium term.** Interviewees highlighted recent areas of progress that are likely to be priorities moving forward. These included: expansion of the number of Syrian-owned home-based businesses; a progressive shift to flexible work permits; improvements in the quality of vocational training and strengthened connections between training and employment; the importance of formalizing interventions; building skills to support complementary pathways; dialogue with the government on opening up of more sectors to Syrian refugees; digital financial inclusion; and a greater focus on women’s economic empowerment.

Given the restrictive policy environment described in section 3.1 above, many partners see home-based businesses and social entrepreneurship as a promising route for increasing economic self-reliance, particularly for women. However, opportunities are niche, small scale and not necessarily the most profitable or linked to market demand. In the medium term, tackling challenges that affect all vulnerable workers offers a “win-win” outcome. Informality and lack of decent work affect all vulnerable workers in Jordan, including vulnerable Jordanians, migrants and refugees; a large informal sector also deprives the government of much needed tax revenue and is associated with lower productivity and greater income inequality.¹¹²

**Debt financing may limit the leverage financing can exert but enables the mobilisation of far greater volumes of resources than grant funding could provide.** In other contexts, notably Lebanon where the debt-to-GDP ratio is unsustainably high, the Government of Lebanon is reluctant to take on further debt to meet the needs of non-Lebanese.¹¹³ The debt nature of the financing reduces the leverage of the GCFF in pushing for refugee-inclusive policies, compared to grant financing as offered through the IDA Window for Host Communities and Refugees (WHR) for example. However, in Jordan, where the debt burden has been judged to be sustainable¹¹⁴, the provision of concessional financing through the GCFF is seen as having helped to maintain political will and the protection space for refugees.¹¹⁵ Indeed, $2 billion worth of loans have been mobilised to date. An interesting example of using a mixed financing approach to generate leverage and scale-up comes from the Minka Middle East Initiative. Minka grant funding was blended with a concessional loan co-financed by the EU and KfW in the ‘Better access to water for host and refugee communities in the north’ project for a total budget of 72 million Euros.¹¹⁶ The concessional loan was used to support the extension of the wastewater collection network around Irbid while grant funding provided by Minka was used to incentivise an inclusive approach, enabling access to drinking water for Syrian refugees and vulnerable host communities.

**Financing to promote economic development in refugee-hosting areas is essential, but must be coupled with refugee-specific investment.** Investing in strategies to boost economic growth and create jobs is essential if more refugees and vulnerable Jordanians, especially women, are to enter the formal labour market. But the lines can easily become blurred between supporting pathways to durable solutions for displacement affected communities and broader development agendas. One of the criticisms of the Brussels conferences following the Compact, including the London Initiative in 2019 focused on Jordan’s economic transformation and growth, was a weakened focus on refugees over the years and a shift in attention to the overall economy.¹¹⁷ Without a specific focus on refugees, their needs and priorities risk getting lost or being unmet in large financing packages to boost economic growth and create jobs. The GCFF - with its mandate to include a focus on refugees in every project it supports - is one example of how international financing is meeting this challenge. Indeed, in boosting economic activity Jordan has also been chosen by the GCFF to pilot its first private sector support operation with a partial portfolio guarantee scheme to stimulate lending to refugee-related businesses.¹¹⁸

There is clearly growing interest in the use of blended finance to de-risk investments to catalyze private sector financing in areas that address economic and social challenges of refugees and host communities – including a number of notable new initiatives cited above (SEMD project, Refugee Livelihoods DIB, IFC blended finance facility) - and increasing momentum around attracting social impact investment, with a number of social impact investment funds at various stages of development. But these initiatives are early stage and untested; indeed some of them may not ever get off the ground. Therefore, the question of whether and how they can support economic self-reliance remains unanswered. Even existing instruments operating in this space and labelled as

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‘refugee-specific’ have struggled to maintain a strong focus on refugees, for example the Refugee Investment Matching Platform\textsuperscript{119} or Noumou Growth Fund,\textsuperscript{120} which is perhaps an indicator of the difficulty of supporting economic self-reliance of refugees in the current economic climate and legal and policy environment.

In a context of limited resources, common agreement is needed on priorities and sequencing of investments informed by evidence. But when it comes to supporting economic self-reliance for Syrian refugees and host communities, there is a lack of strategic direction and clarity about which programmatic approaches to invest in and the sequencing and prioritisation of investments. The JRP is considered a basic reference, and notably provides instruction on the proportion of Jordanians to Syrians that should be targeted by any livelihoods intervention but does not have sufficient detail on what interventions to prioritise and how. Multiple national plans have relevance for the sector, and these do not always clearly link up. There is the impression of a “fairly messy sector” with each donor funding in an ad hoc way according to its own priorities.\textsuperscript{121} In the absence of an overarching plan or strategy, one implementer reported that large programmes and consortium funded by GIZ and the EUTF Madad have served to coordinate and align interventions in the sector. The education and health sectors were cited as good examples where government leadership and a clear national strategy or plan enabled donors to align their funding to concrete outcomes using government systems.

Short-term assistance should run in parallel with longer-term approaches, requiring different funding sources to be used in a complementary way. Cash-for-work programmes remain a key feature of the livelihoods sector. Livelihoods projects take time to design and implement, whereas cash-for-work projects provide quick impact in response to immediate needs. A number of interviewees commented on the significant cash pumped into the Jordanian economy this way. The Jordan Response Plan 2020-2022 emphasises the transition from short-term income-generating opportunities to longer term goals as a sector priority “to ensure viable self-reliance” (JRP, 2020, p.60). But both donors and implementers stressed the importance of maintaining short-term income support alongside longer-term approaches in order to tackle the high levels of vulnerability, which have been exacerbated in the context of COVID-19. This example speaks to a wider point that a simple sequential transition from humanitarian aid to development assistance is not realistic. Indeed, humanitarian aid must be maintained in the short to medium term, alongside development assistance, and delivered in a way that allows for alignment and transition to national systems.

Effective support to economic opportunities for Syrian refugees requires both top-down and bottom-up approaches, working on both supply and demand sides of the economy. Support at the individual and household level must be complemented by efforts to promote policy reforms. The regulatory constraints in Jordan are significant, and interviewees stressed that without policy reform there is a limit to what can be achieved. The Prospects partnership framework (see Box 7 below) is a good example of bringing together interventions at multiple levels targeting medium- and longer-term development goals in employment, education and protection, leveraging the comparative advantage of five implementing partners.
Box 7: Partnership for improving prospects for forcibly displaced persons and host Communities (PROSPECTS)

Five of the biggest actors in the field of economic empowerment – the International Finance Corporation (IFC), the International Labour Organisation (ILO), the United Nations Refugee Agency (UNHCR), the United Nations Children’s Fund (UNICEF) and the World Bank – have come together under the PROSPECTS partnership in Jordan 2019-2023 with a budget of 73 million Euro. PROSPECTS is an innovative partnership initiated by the Netherlands, in which it has committed to invest 500 million euros until 2023 over seven countries. In Jordan, it aims to help refugees and host populations access quality primary education and vocational training, secure and retain decent employment, and benefit from a strengthened protection framework.

The premise of PROSPECTS is that the five implementing partners will be able to achieve more together than they would individually. Part of the rationale for initiating the partnership was to overcome institutional silos that prevent more coherent responses. The five implementing partners work towards common priorities agreed under a multi-annual country programme, and it is expected that the four-year timeframe will enable medium term outcomes to be achieved. An ‘Opportunity Fund’ provides an added incentive for collaboration, with partners able to bid for additional funding once a year provided they submit joint proposals building on existing programmatic success or responding to a newly available opportunity in country.

As is to be expected with any new initiative, PROSPECTS has faced challenges in aligning ways of working across the five partners, with the UN agencies and MDBs having different operational modalities, programming cycles and management structures. In Jordan, a lengthy and intensive start-up phase was required, developing a common framework and monitoring and evaluation system, before implementation could start. The partnership has a knowledge management component to document lessons learned and generate evidence on how results are achieved. The flipside of this is a significant data collection and reporting load on partners. The ultimate question of the added value of the partnership is as yet unanswered – will the additional coordination effort pay off with results over and above what the partners could have achieved individually?

Though it is still too early to demonstrate results on employment outcomes, the partnership has allowed the five partners and the donor to align their messaging on certain policy issues and have greater leverage in advocating for change. Prospects reportedly played a part in pushing for a recent by-law on the inclusion of agricultural workers under the labour laws that was just adopted – a policy change that will have a significant impact on the protection of workers in that sector.

Funding decisions appear to be only partially based on evidence of what works in achieving economic self-reliance for Syrian refugees and vulnerable Jordanians. To date, there has been inconsistent use of evidence to inform decision-making on resource allocation. Some interviewees raised concerns that in the past a lot of money was spent with more regard for process than results. Indeed, previous research found that when it comes to vocational training programmes, funding priorities are donor driven and do not necessarily respond to the preferences of participants or needs of the market. Nevertheless, after more than a decade of programming in economic inclusion, there is plenty of learning to draw on and promising signs of this happening in certain programmes. For example, the EUTF Madad, GCFF and Minka Fund have funded second generation projects that have built on learning from first iterations. A number of new initiatives – PROSPECTS, the SEMD project, the Refugee Livelihoods DIB – include an important knowledge management and evidence-generation component which will start to bear fruit in the coming years. But the extent to which this is replicated system-wide appears to be limited.

Specific financing instruments designed to address forced displacement and bridge the silos in the aid system are having some success in supporting positive medium-term outcomes. Although evaluations of the EUTF Madad Madad Livelihoods portfolio and the GCFF considered that it was too early to assess the effectiveness of their interventions on longer-term outcomes or overall impact, both found evidence of some intermediate development impacts resulting from specific projects. The GCFF-supported World Bank’s Economic Opportunities for Jordanian and Syrian refugees project was cited as contributing to formalizing work, improving access to work
and working conditions, and encouraging female entrepreneurship; while the World Bank’s Jordan Education Reform Support project has contributed to increased school enrolment and improved monitoring and management.\textsuperscript{128} Meanwhile some EUTF Madad projects had generated sustainable results and contributed to enhanced resilience, particularly those featuring strong nationally-driven processes, such as in the education sector, and those developing human capital, such as skills training for livelihoods. Although, there was also a suggestion from some evaluation stakeholders that the EUTF Madad had been less effective in livelihoods compared to other sectors due partly to significant factors outside the control of implementing partners or the EUTF Madad itself, such as the political and policy environment, including employment regulations\textsuperscript{127}.

\textbf{Yet, there is a need to be realistic about the duration required for financing to support economic self-reliance.} Supporting successful livelihoods outcomes requires sustained investment. Previous research has found that ongoing and more resource-intensive approaches tailored to individuals over longer timeframes gives a greater likelihood of improved economic self-reliance\textsuperscript{128}. The growing interest in ‘graduation approaches’ in Jordan attests to this. This is also true of other sectors where the goal is self-reliance or long-term systemic change, such as in the health or social protection sectors, where interventions require longer implementation timeframes to yield results.\textsuperscript{129} Even the EUTF Madad - which is better equipped than existing EU and donor country budgets to address mid- to long-term needs - was found to be providing emergency or post emergency type support in the livelihoods sector, characterised by achieving ‘quick wins’ or at best midterm outcomes.\textsuperscript{130} An evaluation of the livelihoods sector portfolio expressed doubts about whether projects with a 24–36 month timeframe could achieve the desired impact, particularly for complex projects aspiring to increase income, build resilience and social inclusion working on both supply and demand sides of the labour market. Beyond the specific displacement financing instruments like the EUTF Madad and the Minka Fund, implementing partners report that in the livelihoods sector much funding remains annual, partly due to an inability or unwillingness on the part of donors to fund multiyear programmes but equally a shortage of implementing partners with the capacities to design, deliver and measure the impact of a five-year programme. Implementing partners noted that attempts to move beyond pure cash assistance to a more comprehensive package (for example, certified training and additional employment support) are hampered by a lack of donors willing to invest.

\textbf{‘Nexus-oriented’ funding provided through the EUTF Madad and the Minka Fund helps to reinforce coherence between short-term and longer term approaches.} Outside the specific displacement financing instruments, rigid distinctions between humanitarian and development funding sources inhibit finding pragmatic solutions to problems (e.g. issue of water provision in camps), according to several interviewees. The ‘nexus’ approach of the EUTF Madad has evolved over time and is appreciated by implementing partners. From a crisis response instrument addressing basic needs of refugees from Syria and their host communities, the EUTF Madad has progressively adopted a greater focus on supporting host countries with national systems strengthening.\textsuperscript{131} In support to livelihoods specifically, evidence indicates a shift in the project portfolio over time from humanitarian assistance towards a local development approach, with second generation livelihood projects investing more heavily in capacity building of municipalities and professional bodies and support to implementation of labour laws and regulations.\textsuperscript{132} Interviewees reported that there are still too few sources of multiyear funding for resilience-building or developmental approaches in a refugee context, but the EUTF Madad is one. Echoing findings of previous consultations, implementing partners highlighted the value of the EUTF Madad as a ‘nexus instrument’, enabling them to address immediate needs of refugees and host communities, while strengthening the systems and capacities in the mid to longer term.\textsuperscript{133} Features of the EUTF Madad that facilitate a nexus approach include its flexibility and the funding of bigger programmes managed by consortia. However, the Fund has reached the end of its mandate and made its last allocations in 2021 (projects which run until 2025). It remains to be seen whether future support for Syrian refugees and their host communities provided through the EU NDICI will incorporate the same degree of flexibility and humanitarian-development coherence.

The Minka Fund has also evolved over its lifetime to bring greater coherence between its short-term activities and longer-term structural approaches. Indeed, AFD has adapted its rules and procedures for the Fund over the years to be able to work more nimbly and effectively in fragile and crisis settings.\textsuperscript{134} Looking forward, the Minka Middle East Initiative is aiming for a better articulation of the rapid response and longer-term structural activities, with promising results emerging from the Shabake programme in Lebanon showing local civil society organisations as one key way to bring these two elements closer together.
Supporting the inclusion of refugees in national systems appears to be a more sustainable and cost-effective approach in the longer term, but hard evidence is lacking. The multi-donor accounts for education and healthcare are a good example of donors aligning their support and providing predictable multiyear funding to enable the inclusion of refugees in national systems (see Box 2 above). Prior to the COVID-19 pandemic, preliminary discussions were also underway on the inclusion of refugees in social protection systems, which is ultimately important if the longer-term goal is to dismantle and replace costly parallel humanitarian interventions. However, this already sensitive topic has become even more so with growing levels of vulnerability and unemployment among Jordanians; a lot more work will be required to make this a reality.

Key enablers for this approach are the long-term funding commitments to provide the GoJ with the assurance it needs to accept the additional costs of integrating refugees into national systems, which is potentially a politically unpopular move, as well as donor confidence to fund through national systems, for example the significant budget support provided to the Ministry of Education. Donors value the multidonor accounts because they reinforce technical coordination between donors and with the GoJ, strengthen government ownership in line with aid effectiveness principle, and donors believe that a greater percentage of aid money reaches the end beneficiary compared with more costly parallel humanitarian systems. Also, once the Joint Financing Arrangement is in place it provides donors with a mechanism to quickly scale-up financing in response to new needs, bypassing any due diligence requirements that would be needed with a new partner. However, this research did not find evidence supporting the cost-effectiveness of this approach compared with traditional humanitarian assistance. Further, given this research’s focus on economic opportunities, scope to investigate the monitoring system of the multi donor accounts in the health and education sectors, user perception, access and quality of services, was limited. An important caveat to note is that access to services alone is not sufficient for positive outcomes; the quality of services and national capacities to deliver them are also important. Going forward, to inform donor discussions on whether and how to channel more ODA resources through multi donor accounts in the same or new sectors, further research in this area would be beneficial.
6. RECOMMENDATIONS

USING FINANCING TO CREATE A MORE ENABLING ENVIRONMENT FOR MEDIUM TO LONGER TERM OUTCOMES FOR SYRIAN REFUGEES

1. Strengthen a common donor position to address remaining policy barriers

- **Bilateral and multilateral donors** need to come together around a common position, backed up with financing, to respond to the government’s call for a new Compact. The Jordan Compact has shown that a common position and collective action can be effective in creating a more enabling environment for refugees and supporting country ownership, and should be sustained. International finance can work as an effective lever for policy change; it appears to have been more effective when used in support of a common position. The GoJ’s white paper issued this year offers an opportunity to build on lessons learned and engage in dialogue between the government, donors, international and national implementers on a medium-term vision for the response. To support this, strong political leadership is needed on the donor side. And there is an opportunity to link discussions started under the Nexus Task Team with those on the future of the Compact. **Implementers** need to proactively engage in these discussions, supporting a multistakeholder process that includes the voices of refugees at its centre.

2. Couple financing to support the wider enabling environment, including economic growth and job creation, with financing specifically targeted to refugees

- When designing packages of financing, **bilateral and multilateral donors and IFIs** need to work with host governments while also addressing refugee specific needs. Donors must ensure to include financing that specifically targets refugees so their specific needs and priorities are not lost in the broader development agenda and that refugees benefit from the new jobs created. Also, including robust consultations with refugee representatives, civil society organisations and other key stakeholders in the design of such financing packages is important to ensure they are adapted to the context, avoid duplication of effort and respond to the needs and priorities of displacement affected communities.

IMPORTANCE OF PRIORITISATION AND CHOICES ON RESOURCE ALLOCATION

3. Greater investment in measuring and documenting the results and impact of financing, to identify causal pathways to economic self-reliance.

- **Donors** need to invest in generating evidence on which programmatic models have the greatest impact in supporting refugee economic self-reliance – allowing pilots to learn from mistakes, iterate and improve - and base their funding on that evidence. For new financing models being tested, **donors and implementers** must ensure that lessons learned are documented and shared with all stakeholders, including national systems, to enable scale-up and replicability. It is important that both donors and implementers are realistic about the levels of ODA that can be put into blended finance and innovative financing initiatives given the many competing demands on ODA resources and testing environment. The unproven nature of new financing models, combined with their longer lead-in time and limited donor risk appetite mean that it is of even greater importance to assess and understand the added value of blending versus other financing mechanisms in the Jordan context. As a general principle, when donors blend finance, they should ensure blended programmes have a developmental impact, adopt aid effectiveness principles, comply with legal and voluntary standards, and demonstrate additionality.
4. Build on the JRP process to promote better collective engagement with national planning processes

- The GoJ, UN and World Bank need to build on the learning/experience from 3RP/JRPs to inform medium-term national planning with greater involvement of large development actors. While the decision has been taken to move towards a joint comprehensive vulnerability assessment as a basis for planning, donors and implementers need to examine the implications of this from a financing perspective, and development actors need to be aware of the specific protection needs of refugees that may not be captured by vulnerability-based targeting. Collectively, donors, implementers and the GoJ need to ensure that the needs and priorities of refugees are reflected in ongoing national development frameworks and planning.

5. More strategic direction on the prioritisation and sequencing of investments to support refugee economic self-reliance.

- Donors and implementers active in supporting economic opportunities for Syrian refugees should work with the GoJ to develop an evidence-based, costed analysis and plan for how to achieve economic self-reliance for the proportion of the refugee population for whom this is realistic. The plan should provide guidance for donors on which programmatic approaches to invest in and the sequencing and prioritisation of investments.

6. Build partnerships between humanitarian and private sector in support of strategic objectives towards refugee economic self-reliance

- Humanitarian actors (donors and implementers) need to continue developing a broader range of partnerships with private sector actors to harness their expertise in trialing innovative approaches to support refugee economic inclusion. Given how little evidence exists on successful economic inclusion programming in Jordan, it will be important to learn from models and experiences from other contexts and population groups to identify the opportunities of the future. As blended finance and impact investment initiatives multiply, ensuring coherence between them will be crucial and donors, IFIs and implementers must link them to national private sector development strategies, rather than their own individual priorities and criteria.

APPROACHES TO FINANCING THAT DELIVER BETTER OUTCOMES FOR SYRIAN REFUGEES

7. Provide more multiyear, flexible ‘nexus-oriented’ funding

- Donors needs to capitalise on the growing body of learning generated from displacement financing specific instruments to inform future programming and funding approaches to build on their successes. Specifically, these instruments have demonstrated that supporting (economic) self-reliance requires multiyear funding commitments to support comprehensive packages of support – donors need to be willing to make the necessary investments and scale-up quality funding across the board. Given the key role that has been played by the EUTF Madad to date, the question of what will follow it is crucial. The EU must capitalise on lessons learned from Madad and incorporate those elements of the instrument most valued by partners – flexible multiyear funding that emphasises humanitarian-development coherence.

8. Humanitarian approaches need to evolve to take a more medium-term view

- Implementers also have a responsibility to avoid submitting the same short-term proposals for funding year after year, and plan and design programmes that can support a transition to longer-term developmental approaches over time. There is evidence that some humanitarian actors are starting to do so, as attested by the focus on ‘graduation’ approaches, but this needs to be taken forward more consistently among a wider group of implementers.
9. Build consensus on the recommendations of the Nexus Task Team, and develop a detailed action plan for their implementation.

- The Nexus Task Team through a number of senior/high-level donor ‘champions’ needs to reach beyond members of the Task Team and the technical level to influence the strategic/political decision-makers on the importance of implementing a nexus approach. These efforts should be linked to discussions currently taking place on the future of the Compact. The recommendations, which remain quite broad, should be further developed to become actionable and feed into the next JRP planning cycle. This is critical to continue strengthening coherence of funding and programming beyond the scope of the displacement-specific financing instruments.

10. Honor donor commitments on equitable responsibility-sharing to continue meeting the needs of refugees in the near and medium term

- Bilateral donors must sustain commitments to meet the basic needs of refugees in the near term; taking a nexus approach should not be a pretence for shifting the humanitarian caseload onto national systems and shrinking humanitarian budgets. In line with commitments on responsibility-sharing taken under the Global Compact on Refugees and Jordan Compact, bilateral and multilateral donors must commit to sustained ODA/concessional financing in the near and medium term (over and above regular development assistance) to maintain inclusion of refugees in national systems. It is important that donors continue to invest in the national capacities and systems of line ministries and local government structures, so they are in a position to take on the additional responsibilities associated with managing the refugee caseload.

11. Evaluate the efficiency, effectiveness and quality of inclusion of refugees in national systems in Jordan.

- Bilateral and multilateral donors should invest in an independent evaluation of the multi-donor accounts supported by donors in the health and education sectors in order to understand their cost-effectiveness as compared to parallel humanitarian systems, any potential trade-offs and user perceptions. The multi-donor accounts seem to be a promising model but hard evidence on the outcomes they produce is needed to inform future decisions on scaling up volumes of funding channeled through these accounts or establishing others in new sectors.
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ANNEX: NOTE ON METHODOLOGY

ESTIMATING OFFICIAL DEVELOPMENT ASSISTANCE (ODA) FOR SYRIAN REFUGEE-HOSTING AREAS

It is unfortunately not straightforward to provide a comprehensive picture of the international assistance to Syrian refugees and host communities in Lebanon, Jordan and Iraq, which can then be disaggregated by sector, implementing organisation, type of funding (grant/loan) etc. The Syria conference tracking reports attempt to do this in their data collection of contributions against pledges made at the most recent pledging conferences. However, given that the primary goal of the tracking process is to assess the aggregate contributions by donors against individual pledges, data is not broken down by project or financial flow, but in aggregates. It therefore lacks the granularity that would be useful to different stakeholders involved in the refugee response in those countries and collected data cannot easily be triangulated against other sources. An additional complicating factor is that it is difficult to verify how strictly different donors set their criteria for which funding to include in pledges and contributions - only that addressing the consequences of the Syria crisis, or a wider portfolio of activities in the recipient countries. Still, comparing totals from our dataset on international assistance to Jordan, Lebanon and Iraq in terms of grant disbursements in 2019 with figures from the respective Syria tracking report, those match quite closely for Jordan and Lebanon (within US$50 million). Total support to Iraq captured in the Syria tracking reports for 2019 is however almost US$500 million larger than in our dataset, but due to the lack of granular information on what is captured in this amount in the tracking report we are unable to investigate this further.

For humanitarian assistance to the Syria crisis, more granular and comprehensive data is available on UN OCHA’s Financial Tracking Service. It captures, by funding flow, humanitarian assistance to the Syria Regional Refugee and Resilience Plans and also funds reaching organisations or activities outside those plans, tagging those flows as related to the Syria crisis. This data is shown in the graphs in the report for ‘humanitarian assistance’.

In terms of development assistance, it is more difficult to quantify the volume of funding to Lebanon, Jordan and Iraq in response to the Syria crisis. This is because publicly accessible datasets for international development assistance, such as the OECD DAC Creditor Reporting System (CRS) or the International Aid Transparency Initiative (IATI) don’t routinely capture which crisis a specific development activity or funding flow seeks to address. We quantified development assistance to Syrian refugees and host communities by performing a keyword search on the OECD DAC CRS database, trying to identify from project titles and descriptions which funding should be included. Data is only available up to 2019 by recipient country. This approach likely yields a partial result, as the level of information provided in these text fields varies across donors but should provide a lower bound estimate and give an indication of trends.

The absence of potentially relevant development assistance in our dataset was most visible in our analysis of grants and loans. We were able to identify only a small number of loans to Jordan referencing support to Syrian refugees or host communities, and almost no loan disbursements to Lebanon or Iraq over the analysis period from 2016 to 2019. The loan disbursements captured in our dataset to Jordan range between US$125 and US$21 million per year and are almost all provided by the World Bank. This seems to be a data gap according to ongoing research into the support by multiple multilateral development banks (MDBs) in the region. Most of those development banks provide information on their funding and projects on their respective databases, but again it is not straightforward to quantify their support to the Syria crisis. At the time of research, an analysis was underway by the 3RP Joint Secretariat to map interventions by the International Financial Institutions involved in the Syria Crisis Response, which should complement this research once concluded.
ENDNOTES

1 UNHCR Operational data portal - refugee situation (Jordan) http://data2.unhcr.org/en/situations/syria/location/36?
4 UNHCR Operational data portal - refugee situation (Jordan) http://data2.unhcr.org/en/situations/syria/location/36?
7 UNHCR Operational data portal - refugee situation (Jordan) http://data2.unhcr.org/en/situations/syria/location/36?
11 https://reliefweb.int/sites/reliefweb.int/files/resources/jordan_2020-02-07.pdf
17 IRC. 2020. A decade in search of work: a review of policy commitments for Syrian refugees’ livelihoods in Jordan and Lebanon. Available at:
27 Lydia Poole, 2021
This declining trend illustrated by data reported to OCHA's Financial Tracking System is contradictory to increasing or stable trends in humanitarian funding reported in the Syria 3RP annual reports for Jordan and Lebanon, respectively; it is unclear from publicly available data why this discrepancy exists. Furthermore, funding tracked through the 3RP and the JRP also tell different stories about the extent to which funding needs are met. According to the JRP tracking, coverage has been on a downward trend, from 65% in 2017 to 49% in 2020. The 3RP tracking shows an upward trend between 2017 and 2019, from 67% to 71%, but is similar to the JRP tracking for 2020 with 47%. When it comes to the Livelihoods component of the JRP specifically, the government of Jordan data indicates that funding requirements have been largely exceeded every year since 2018.

Since 2014, funding to the Syria response has been mobilised, coordinated and tracked through the Regional Refugee and Resilience Plan (3RP). The 3RP has two components: one which encompasses the protection and humanitarian assistance needs of refugees and the other which focuses on the resilience, stabilization and development needs of host communities and capacity building of national institutions. Funding allocated towards the plan is reported by recipients (UN Agencies and NGO's) and tracked by UNHCR and UNDP. It does not capture total ODA support to the Syria response, as funding from IFIs is not included. See: https://www.3rpsyriacrisis.org/

Previous research by DSP found that two largely parallel social assistance systems operate in Jordan, with humanitarian organizations and international NGOs provide a variety of cash and assistance programs for both Jordanians and Syrian refugees, but refugees largely excluded from national social assistance programs, including the National Aid Fund (NAF). Different vulnerability criteria and benefits packages are applied for each. See: Durable Solutions Platform and Program on Forced Migration and Health, Columbia University Mailman School of Public Health. “In My Own Hands”: A Medium-Term Approach towards Self-Reliance and Resilience of Syrian refugees and Host Communities in Jordan. January 2020. Anman, Jordan

A Multi-Partner Task Force led by USAID worked with MOPIC to map six out of 38 national plans to identify joint objectives for refining national priorities to achieve Jordan's Vision 2025 and the Sustainable Development Goals Agenda 2030, which serve as a blueprint for adopting a more sustainable approach.


MINKA project platform website. https://minka-moyen-orient.afid.fr/intro
In Jordan, all bar one GCFF-supported projects were found to have a clear and direct focus on refugees. The Energy and Water Development Policy Loan project had no indicator related to the project’s impact on refugees; nevertheless, it was intended to benefit all residents in Jordan and therefore refugees indirectly, through improved energy and water services and infrastructure. See: Ipsos MORI, 2021. Evaluation of the Global Concessional Financing Facility (GCFF) Final Report v2. Available at: https://globalcff.org/wp-content/uploads/2021/06/20-049996-01-GCFF-Evaluation-Final-Report-v2.1-PUBLIC.pdf

Under this project, ODA and public funding from the GoJ of US$113 million was used as “viability gap funding” to leverage an additional US$110 million in private financing (both private debt and equity). See: https://documents1.worldbank.org/curated/en/959621472041167619/pdf/107976-Jordan.pdf


This is the second refugee-focused investment deal made by DFC in the space of six months. It also provided $19 million in debt financing to the Kiva Refugee Investment Fund to be launched soon.


Convergence, 2017. Conducting a Feasibility Study for a Refugee-focused Development Impact Bond - Design Grant Case Study. Available at: https://www.convergencefinance.resource/14e4e9e0-30f0-41b4-9e64-3e345f103c55/view


Lydia Poole, 2021


Ibid.

Ibid.

Ibid.
According to a study by the United States Agency for International Development (USAID), micro and small enterprises account for 96% of total private sector establishments in Jordan and of these 51% surveyed had no fulltime Jordanian workers (other than the owners). See: USAID Jordan Local Enterprise Support Project (2015). Survey of Jordanian Micro- and Small-Enterprises. version 2.3.1. http://www.jordanlens.org


See: http://sdgimpactjordan.org/#who-we-are


Ibid.


As a middle-income country, Jordan’s GNI per capita exceeds the eligibility threshold to access the World Bank’s International Development Association (IDA), which provides grants and zero to low-interest loans to boost economic growth, reduce inequality and improve living conditions. The current threshold for IDA eligibility in 2021 is to have GNI per capita below US $1,115. See: https://ida.worldbank.org/about/what-is-ida


Ipsos MORI, 2021.


The major structural, legal and regulatory barriers include: closed occupations and sectors, nationality quotas, restrictions on business ownership and home-based businesses, restrictions on freedom of movement, high travel costs, ability to open bank accounts and access credits, and access to legal documentation. Women remain especially marginalized in the workforce and overall, Jordan has one of the lowest female labour force participation rates in the world. Gender-specific barriers for both Syrian and Jordanian women in joining the labour market include lack of safe, affordable public transport and childcare provision, and socio-cultural norms against women working outside the home. See: Ministry of Planning and International Cooperation, 2020. Jordan Response Plan for the Syria Crisis 2020-2022. Available at: http://www.jp.gov.jo/Pdf/JRP%202020-2022%20Finals.pdf


Ipsos MORI, 2021.

