MEASURING THE IMPACT OF REFUGEE LABOUR INCLUSION ON THE HOST STATE ECONOMY

INFOGRAPHIC BRIEF

APRIL 2019

This infographic brief contains the key takeaways from our research on Syrian refugee labour inclusion in Jordan. The research measures and tracks economic and social cohesion outcomes using quantitative and qualitative data collected over a 3-year period. The findings provide an objective starting point for a transition in thinking about refugee contributions to host state economies, the most efficient uses of donor aid and improved structuring of worker rights policies in Jordan and on a global scale. Further, the research provides the reader with an increased understanding of the status of Syrian labour, its effects on the opportunities of other foreign labour, and the government's efforts toward providing Syrian refugees with access to work permits, as well as the effect on national investments and economic activities.

 This publication is generously supported with funds on behalf of UKAID and implemented by Mercy Corps. This publication reflects the views of the author only, and not necessarily of Mercy Corps.

Design: Hadeel Qatamin & Christina Luchetta

MEASURING THE IMPACT OF REFUGEE LABOUR INCLUSION ON THE HOST STATE ECONOMY

INFOGRAPHIC BRIEF

Mercy Corps partnered with the West Asia-North Africa (WANA) Institute, a non-profit policy think tank based in Amman, Jordan, on a series of research products to quantify and track labour integration impacts in Jordan from a multi-sectoral perspective. The body of research measures and tracks actual economic and social cohesion outcomes using quantitative and qualitative data collected over a 3-year period. The findings provide an objective starting point for a transition in thinking about refugee contributions to host state economies, the most efficient uses of donor aid and improved structuring of worker rights policies in Jordan and on a global scale. Further, the research provides Mercy Corps Jordan with an increased understanding of the status of Syrian labour, its effects on the opportunities of other foreign labour, and the government's efforts toward providing Syrian refugees with access to work permits, as well as the effect on national investments and economic activities.

Full reports can be found at **wanainstitute.org/all-publications** and **mercycorps.org/research**.

Syrian Refugee Labour Integration in Jordan	Aug 2017
Jordan's Recent Economic Performance: Implications for Future Growth, Investment, Refugee Policy and Refugees	Aug 2017
Nine Recommendations to Bolster the Jordan Compact	Sept 2017
Syrian Refugees and Social Cohesion in Jordan*	**Apr 2018**
Syrian Refugee Women and the Workforce*	**Apr 2018**
Syrian Refugee Labour Inclusion Policy in Jordan: Emerging Trends Two Years In*	**Aug 2018**
Managers' Reflections on Sub-Sector Performance, Investment, Worker Profile, and Technology Trends	Jan 2019
Executive Summary – The Syrian Refugee Crisis in Jordan and Its Impact on the Jordanian Economy	Mar 2019
Ch. 1 – Syrian Refugee Return: Implications for the Jordanian Host State*	**Mar 2019**
Ch. 2 – The Syrian Refugee Crisis and Its Impact on the Jordanian Labour Market*	**Mar 2019**
Ch. 3 - Investment and Employment Trends in Jordan's Key Economic Sectors*	**Mar 2019**

**Infographic brief available*

SYRIAN REFUGEES AND SOCIAL COHESION IN JORDAN

Jordanian Perceptions of Syrians

There are both positive and negative views of Syrian workers.

It is a common perception that Syrian workers appeal to employers because they are willing to work for lower wages.

Many Jordanians resent assistance programmes for Syrians.

It is a widespread perception that Syrian workers are replacing Jordanian workers and exacerbating Jordan's unemployment rate.

In areas where the population of Syrian refugees is more dense, views of Syrians are more negative and tensions are higher.

Jordanian workers who have experience with Syrian business owners/investors are more likely to have positive views of Syrians.

Myth BUSTED

- Aid packages are large, enabling Syrians to accept lower salaries and not commit to the workplace.

Recommendations

- Misperceptions around aid programmes need to be debunked in thoughtful and creative ways to ensure aid is not causing further Jordanian/Syrian divisions in communities.
- Increased exposure to and awareness of Syrian business ventures in Jordan may improve perceptions.

SYRIAN REFUGEE WOMEN AND THE WORKFORCE

Key Statistics

19% were employed in Syria prior to displacement

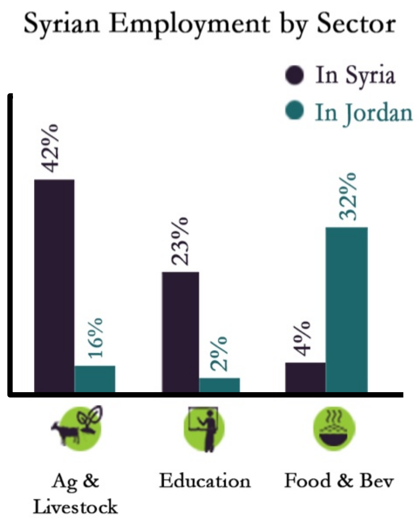
6% are employed part-time in Jordan

2% are employed full-time in Jordan

17% completed secondary school

47% express broad motivation to find work

22% are actively or casually looking for work



**These figures were derived from an August 2017 survey*

Reasons For Not Seeking Work

Recommendations

- Stakeholders should encourage policies that regulate and promote part-time work.
- NGOs should better support those who shifted into new sectors after displacement as well as those with skills that are not being utilised.
- Stakeholders should support formalisation of work permits for the education sector.
- NGOs should target women who express interest in working, but who are not actively seeking work.
- NGOs should explore gig economy/on-demand home-based work for Syrian women who are motivated to find work, but whose access to opportunities may be limited by household responsibilities and transportation constraints.

SYRIAN REFUGEE LABOUR INCLUSION POLICY IN JORDAN: EMERGING TRENDS TWO YEARS IN

Key Statistics

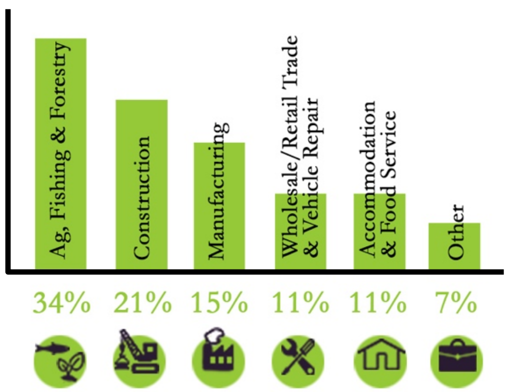
25% of the Syrian refugee workforce have work permits

102,137 work permits were issued, only **40,000** are active

4% of work permits were issued to women

44% of economic activity takes place outside of the formal market

Sector Distribution of Work Permits



**Statistics from April 2016-April 2018*

Myth BUSTED

Many workers associate work permits with lower wages.

Actually, data suggests that Syrian workers with work permits enjoy a marginal wage advantage of 50 JOD/month compared to those who do not have a work permit.

Recommendations

- Job placement services should utilise trusted, community-based networks to share job opportunities rather than using more standard approaches (e.g. the internet, door-to-door consultations, or NGOs) that many do not trust.
- Job placement services should capture worker preferences early in the process in order to increase long-term success of placements.
- Employers need increased support and incentives to formalise Syrian workers' status.

Approaches

- Promoting entrepreneurship
- Facilitating skills development
- Bolstering networks/ link employers with potential employees
- Information sharing of rights/ responsibilities under Jordanian labour law

Challenges

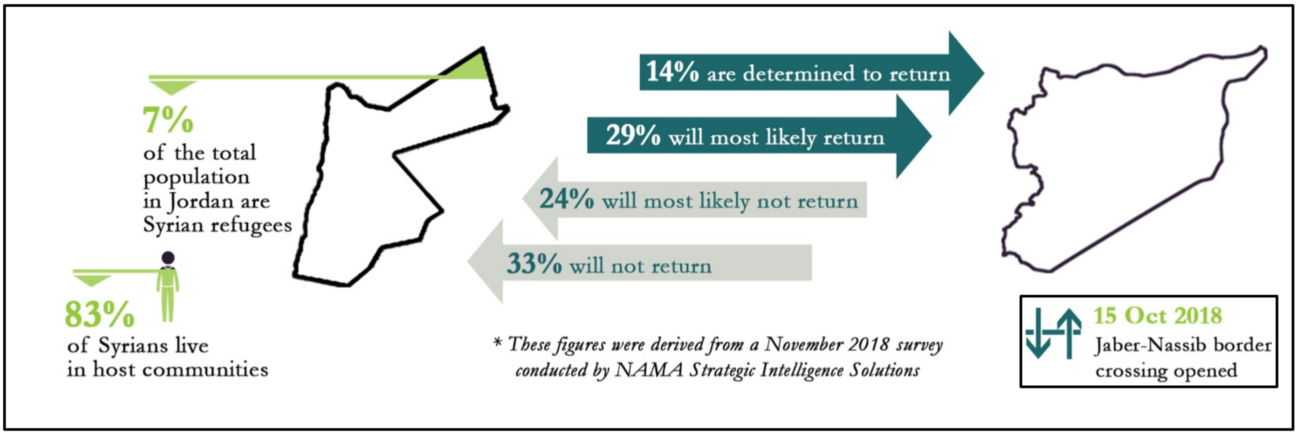
- Low women's participation
- Lack of understanding of work permit regulations and process
- Preference for informal sector
- Household responsibilities
- Transportation costs

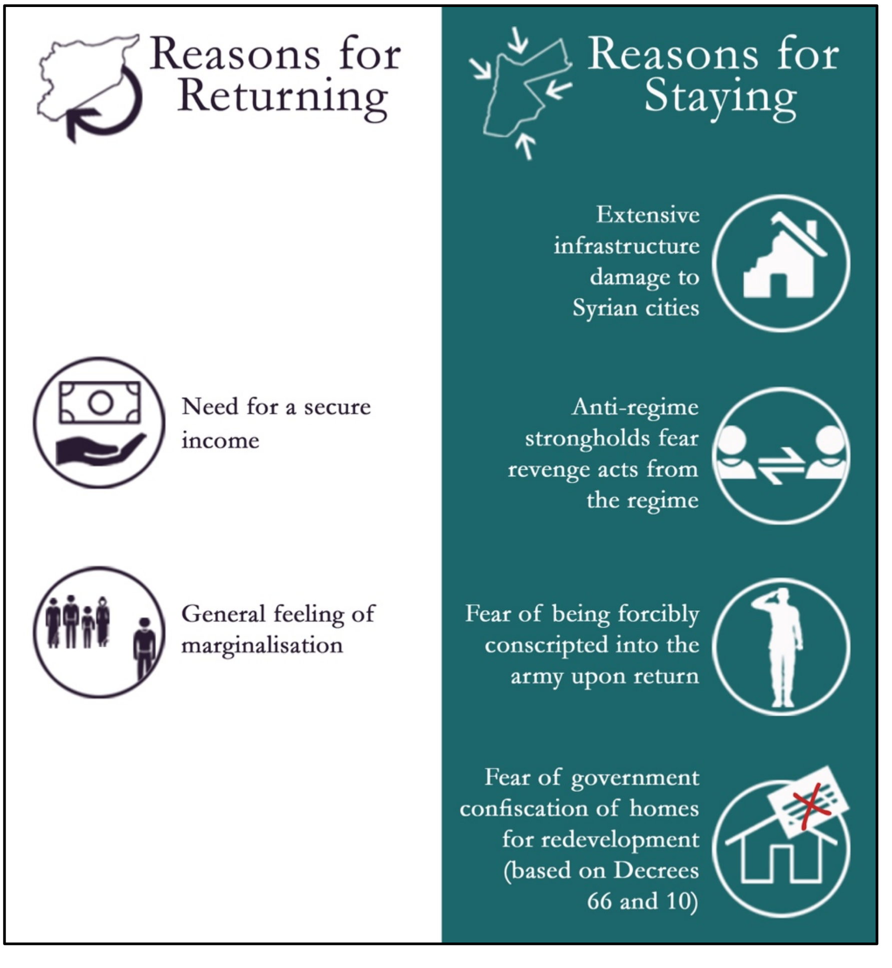
SYRIAN REFUGEE RETURN: IMPLICATIONS FOR JORDAN

Context

Jordan has a long history of refugee hosting, but what made this crisis different was that rather than concentrating in refugee camps, Syrians have overwhelmingly chosen to live amongst Jordanians in established residential areas and have become more integrated in Jordan's economy and society than refugees in other contexts.

Key Statistics





SYRIAN REFUGEE RETURN: IMPLICATIONS FOR JORDAN

Positive Impact	Negative Impact

Humanitarian Response

Positive Impact

The entry and scale-up of NGOs had profound impact on Syrians and Jordanians.

Jordanians benefit from job opportunities with higher salaries in international organisations and NGOs.

Food assistance boosted wholesale and retail trade and increased consumption.

Cash assistance boosted domestic consumption and thus the Jordanian economy.

Negative Impact

There are perceptions that...

the response often lacks long-term investment in the community.

the response primarily benefits Syrians.

Broader Economy

Positive Impact

Syrian labour and skills have contributed to the diversification of Jordan's commercial life.

The combination of Syrian skill and expertise and Jordanian capital has been successful.

Negative Impact

Rent prices increased in regions close to the Syrian border.

The Syria refugee crisis brought significant costs to Jordan in terms of energy, water, and sanitation services.

Between 2010-2017, government expenditures rose by 38% and public debt increased by 48%.

The closure of the Jabir-Nassib border crossing negatively affected the trade balance.

Social Cohesion

Positive Impact

At the beginning of the crisis, Jordanians welcomed Syrians and many hosted them prior to the scale-up of international NGOs and the establishment of refugee camps.

Years into the crisis, however, a perception has developed amongst Jordanians that the presence of Syrian refugees has had a negative impact on key aspects of society.

Negative Impact

Late night rowdiness

Lax attitudes towards child -rearing

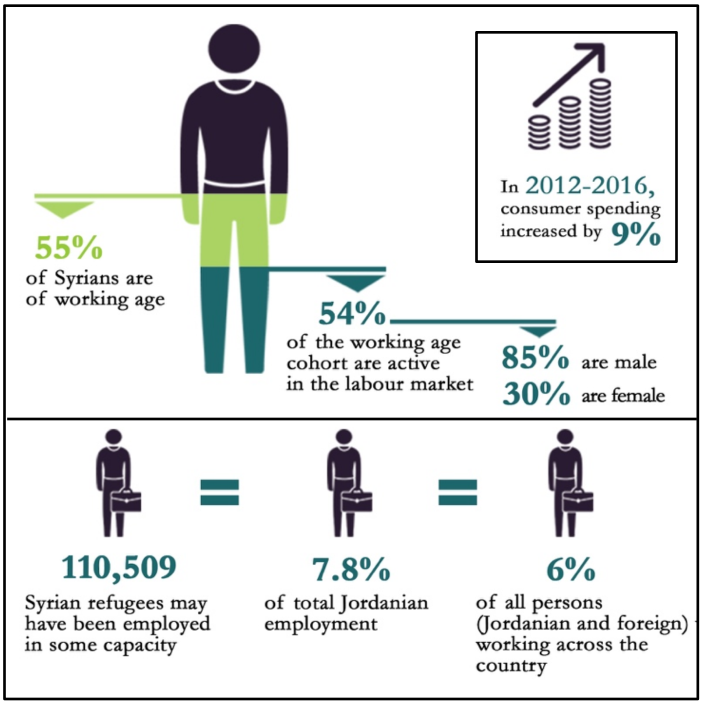
Lack of awareness of the need to conserve water - a resource that is more scarce in Jordan than in Syria

SYRIAN REFUGEE CRISIS AND ITS IMPACT ON JORDAN'S LABOUR MARKET

Context

The decision to grant limited working rights to Syrian refugees under the Jordan Compact was a landmark decision for host state refugee crisis response. The decision to embark on a large-scale formalisation effort also represents a paradigm shift in the context of Jordan's large informal market.

Key Statistics



Myths BUSTED

- Syrian labour drove down wages in the formal market.
- Syrians displaced Jordanian workers.
- Jordanian unemployment rate increased because of the absorption of Syrian workers.

Findings

- The income-expenditure gap remains a significant challenge for the majority of households.
- In 2016, Syrian refugees were the lowest-paid workers in Jordan, both as a group and on an individual basis.
- Entry of Syrian refugees into the labour market resulted in falling wages in the informal labour market, disproportionately affecting disadvantaged Jordanians.
- It is likely that the work permit programme did not create additional jobs but rather formalised existing jobs and shifted employment from one sector to another.
- Wealthy Syrian refugees registered businesses, invested capital and moved production of goods and services to Jordan, further boosting domestic output and employment.

Future Points of Interest/Recommendations

- Efforts to reduce levels of informality across the labour force need to include Jordanians and non-Jordanians and will require incentives and significant monitoring and enforcement by Jordanian authorities.
- Understanding the ecosystems that were developed by Syrian businesses will serve future advocacy initiatives and instruct efforts to expand Jordan's trade relationship with Syria in the future.

INVESTMENT AND EMPLOYMENT TRENDS IN KEY ECONOMIC SECTORS

Context

The data below and in the full report provides a cost-benefit framework for considering investment in key sectors. This framework can also serve as a tool for squaring refugee livelihood priorities with the development priorities of the host state.

Key Statistics

	Agriculture	Construction	Services	Manufacturing
Investment needed to create 1 job	8,455 JOD	12,340 JOD	12,499 JOD	35,267 JOD
1 million JOD investment =	118 jobs to produce 2.31 million JOD in GDP	81 jobs to produce 1.79 million JOD in GDP	80 jobs to produce 741,840 JOD in GDP	28 jobs to produce 670,000 JOD in GDP

Key Takeaways/Recommendations

- Economic return on investments in agriculture is greater than for other sectors. However, it in important to note that if additional capital brings technology in the sector, then the capital-to-labour ratio will rise significantly, driving up the costs of job creation.
- Falling productivity within the manufacturing sector should be cause for concern. While attracting investment will remain a key priority, policy-makers should find ways to focus on investment absorption — particularly the adoption of productivity-enhancing investments (technological or organisational).
- The services sector has potential to contribute to employment for a relatively lower upfront investment. The limited ability of services sector businesses to achieve the economies of scale that boost per employee profits and allow for high wages is an economic reality. However, integration of information communications technology (ICT) across non-tradeable service sector activities offers a means of advancing productivity above and beyond current levels.
- A sector's potential to contribute to employment and GDP must be considered in line with the sector's ability to create sustainable livelihoods for the target population.

Factors to Consider When Investing in Refugee Host States

- Is the sector strategic for the host country?
- Which populations are employed in target sectors?
- Do jobs created in this sector enhance the welfare of the refugee population?
- What is the investment cost of job creation in this sector?

UKaid
from the British people

WANA
INSTITUTE

MERCY
CORPS