Agulhas

Applied Knowledge

# Evidence Mapping and Synthesis of the economic benefits of refugee access to formal labour markets in Jordan – Final draft

**Agulhas Applied Knowledge**

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# Executive Summary

14 years since the Syrian crisis and eight years after the Jordan Compact, a large population of Syrian refugees remains in Jordan. There have been efforts to find durable solutions and support the integration of refugees in the country, including allowing Syrian refugees to work in certain sectors since 2016. Nonetheless, there have been a few small-scale studies on the impact of how refugees can benefit economic growth in Jordan. The evidence base on the economic impacts relating to employment, wages, prices and household well-being therefore remains scarce. A comprehensive understanding of the economic impacts of refugee access to formal labour markets on both Jordanians and refugees, including vulnerable groups like women, youth, and informal workers, is crucial for informing policy-making and targeted interventions.

This report aims to provide a comprehensive overview of existing evidence of the economic impacts of refugee access to formal labour markets on both Jordanians and refugees, including vulnerable groups like women, youth, and informal workers. This report—the first of its kind in Jordan—provides a clearer picture on which areas the evidence is more robust, and where there are gaps. We have borrowed concepts of economic theory although it does not provide us with a straightforward understanding of the anticipated impacts since the outcomes can be influenced by various factors. By and large, we have categorised the impact in relation to i) the economy (e.g. growth, trade, consumption), and ii) the labour market (e.g. employment, wages). This classification helps to structure to structure the principal research questions associated with the prevailing evidence regarding Syrian refugee integration in Jordan.

The review explored the following research questions:

1. What have been the short- and long-term economic impacts of refugees since the onset of the Syrian War?
2. What have been the labour market impacts of the arrival of Syrian refugees on Jordanians, refugees themselves and other population groups?
3. What might the successful integration of refugees into the Jordanian formal labour market look like?
4. What gaps exist in the available data and evidence?

**Methodology**

This review used elements of a systematic review approach to identify, select and synthesise the literature on the economic benefits of Syrian refugee access to formal labour markets in Jordan. The approach included six main stages: (1) identifying relevant research questions; (2) searching

selected databases and relevant institutional websites; (3) screening the identified literature; (4) data extraction; (5) synthesis of findings; and (6) a critical appraisal of existing evidence.

The review examined academic and peer-reviewed literature from three databases—JSTOR, Scopus and Google Scholar—as well as grey literature from 16 institutional websites. The review used a purposive sampling approach, with selection criteria narrowing down by the population under study (Syrian refugees and the host population in Jordan), the recency of publication (2016-2024) and the language of publication (English only). The team identified 519 studies from the searches and, though a rigorous screening process, 71 studies were selected for analysis. The strength and quality of the data collected were also reviewed.

**Question one: What have been the short- and long-term economic impacts of refugees since the onset of the Syrian War?**

Looking at the short-and long-term economic impacts of refugees in Jordan since the onset of the Syrian War, it is important to note that Jordan had begun to face significant economic challenges before the War, with growth declining from 8 percent to 2 percent between 2007 and 2011. The literature indicates that while the refugee crisis certainly exacerbated Jordan's economic challenges, it by no means caused them.

In the short-term, the sudden arrival of Syrian refugees created increased demand on public services, notably in education, healthcare and housing. The Jordanian government, with support from international donors through the Jordan Compact, mobilised resources to accommodate refugees. Although economic theory would predict that the sudden arrival of refugees would increase inflation, it actually remained modest, remaining between -1 percent and +5 percent from 2011 to 2022. The arrival of refugees did have localised effects on access to services in communities with high concentrations of refugees, and forced some non-refugees to move to areas with less competition for goods and services.

In the long-term, the GDP of Jordan has struggled—although not necessarily as a result of increased numbers of refugees. From 2010 until the COVID-19 crisis in 2020, GDP growth was steady at around 2 percent per year—which was significantly lower than the 8 percent GDP growth experienced before the 2008 financial crisis. This review explores how interventions to improve the economy have not been as successful as hoped for. Neither the inclusion of refugees in open sectors, nor the simplifying of the rules of origin, nor the redesign of international aid delivery to strengthen public finances has been linked to significant economic growth. Attempts at integration also have significant impacts on social cohesion. Studies have found that a majority of Jordanian workers perceive Syrian refugees integration into the labour market to be associated with a wide range of negative economic impacts.

**Question two: What have been the labour market impacts of the arrival of Syrian refugees on Jordanians, refugees themselves and other population groups?**

The evidence suggests that Syrian refugee workers have not displaced Jordanians, at least in the formal job market. And it is also not correlated with any negative impacts on household wealth, unemployment or work quality in the form of reduced formal employment. Some small positive effects on Jordanian formal employment were found, for example Jordanians living in areas with high concentrations of refugees had no worse labour market outcomes than those living in areas with low concentrations. In recent years, there has been employment growth in sectors where only Jordanians can work, suggesting that there has been a shift in the type of jobs Jordanians do, rather than a loss in employment or job creation. Several sources note that increased supply of labour, especially in the informal sector, has led to general downward pressure on working conditions and wages—especially for workers in low-skilled positions. Studies also noted that Syrian refugees mainly compete with other migrant workers in the informal economy. In fact, Jordan's labour market seems to have accommodated Syrian refugee workers mostly by displacing economic migrants—notably Egyptian workers in the agriculture and construction sector.

Syrian refugees experience differentiated impacts along the lines of gender, living situation and work permit status. Female Syrian refugees' participation in the labour market was found by one study to be negligible. Barriers to Syrian refugee women's economic empowerment include social pressures, lack of suitable job opportunities, lack of transportation and harassment. With regards to the different impacts of refugees living on- and off-camp, studies found that Syrian refugees living on-camp experience better working conditions than those living off-camp. However, those living on-camp were greatly affected by the COVID-19 pandemic due to restrictions on movement, and they also have lower earning potential compared to other Syrian refugees due to the scant job opportunities in the camps. Another factor that causes differentiated impacts for Syrian refugees is work permit status. Having a work permit is not yet the norm, with an approximate 20 percent of Syrian refugees holding them. Several studies found that having work permits had a positive effect on working conditions, but are not guarantee for better working conditions. Only a third of permit-holders had employment contracts.

**Question three: What might the successful integration of refugees into the Jordanian formal labour market look like?**

This question can only be partially answered, as the evidence does not present firm conclusions on what the successful integration of refugees in Jordan's formal labour market looks like. The studies reviewed do outline the strengths and shortcomings of major policy and programmatic interventions in this area.

The Jordan Compact is the most important intervention aimed at supporting the access of Syrian refugees to Jordan's formal labour market. It sought to foster economic growth and job creation, and aspired to turn the Syrian refugee crisis into a development opportunity. Studies suggest that the Compact's focus on work permits came at the cost of job creation, and it did not translate into the expected investments and economic stimulus. However, progress has been made in providing increased access to the formal labour market for Syrian refugees, despite the limited number of open sectors and professions. Some studies note, however, that the limiting of sectors and professions open to Syrian refugees has discouraged many skilled and educated refugees from integrating formally. Work permits have not contributed to a significant decrease in informal labour, with some studies even estimating that the number of Syrian refugees working informally has increased.

Another aspect of the Compact—the simplifying of the Rules of Origin that govern the EU-Jordan Trade Agreement—has falls short of expectations. Job creation goals have not been met, with the policy being criticised for not taking into account existing labour segmentation in the Special Economic Zones (SEZs). As a result, employers are not motivated to integrate Syrian refugees into their workforce, and prospective employees are not motivated to work in these SEZs. The SEZ's were found to be too far away for many Syrian refugees to access, and were perceived by refugees to have bad working conditions and low wages. Private sector investment goals have also not been met due to an insufficiently bold business environment reform agenda by GoJ and negative global economic trends.

The Compact also aimed to support the formalisation of Syrian-owned businesses, which has been partially achieved. Barriers towards this intervention include high minimum capital requirements, legal residency and the need to have a Jordanian business partner. As a result, many Syrian businesses have remained informal. To increase labour market participation of Syrian women, the registration of home-based businesses was eased, which was seen as promising, but has not met expectations due to tax and social security requirements.

This review also explores interventions implemented by other aid partners:

- Employment services centers were set up in several refugee camps to help refugees access information on employment opportunities and apply for work permits. Studies found, however, that most Syrian refugee youths were not aware of these services.
- Skills training has been prominent since the onset of the refugee crisis, but has not seen much success. Often, short-term training offered to refugees and their Jordanian hosts was not aligned to market needs, and sectoral restrictions limited employment outcomes. Skills training and technical and vocational education and training were found to have

produced better outcomes if coupled with job counselling and other accompanying advisory services.

- Cash for Work and other public works or employment programmes have been another key feature of the response to the Syrian refugee crisis, especially within camps. These programmes were found to have an immediate positive impact, but the long-lasting benefits on household savings or improved skills were found to be low.
- Other interventions include support to existing businesses and entrepreneurship support for start-ups. The former has been found effective but costly, and the latter has yielded mixed results.
- Women's economic empowerment has been supported through outreach activities such as job fairs and promoting self-employment. Self-employment through home-based businesses has been found to be a promising yet insecure avenue for women's economic empowerment as an alternative to wage employment.

**Question four: What gaps exist in the available data and evidence?**

Overall, there is a small pool of literature available regarding Syrian refugees in formal labour market in Jordan as we found a high number of duplications during the backward citation process. We observed repeated mentions of the same authors, publications or datasets, and this gives confidence in terms of reliability of these sources.

Nearly 60 percent of the studies included in this review used primarily qualitative methods, typically interviews and focus group discussions; and 83 percent were descriptive in nature. Only a small number of studies were based on econometric or experimental modelling.

The absence of longitudinal data that capture labour market outcomes and other socio-economic characteristics makes it difficult for any research study to undertake a quantitative evaluation of policy and program changes, for example by undertaking a quasi-experimental design. The problem is the lack of primary data associated with different policies or programmes. Despite the vast array and scale of policy and program efforts, including numerous adjustments to schemes over the past decade, it appears that no policy program or intervention reviewed was designed in a way to gather data pre- and post-intervention, including on potential control groups, that would enable researchers to evaluate and isolate the impact of the policy/programme change in a more rigorous way.

**Areas for further research**

The team has suggested the following methods to meaningfully capture the impact of a given policy change or intervention on the labour market outcomes of refugees, Jordanians or other population groups:

- **((Quasi-) experimental) impact evaluations:** These methods, such as difference-in-differences or regression discontinuity designs, allow researchers to compare outcomes between treatment and control groups, exploiting natural variations in program implementation or eligibility criteria.
- **Labour market assessments:** Labour market assessments have the objective of better understanding the occupations and skills in demand in Jordan. These assessments can identify possible labour market opportunities in promising sectors, as well as prospective employers, sectors and occupations. They can also inform skills development programmes with the ultimate objective of addressing skilled labour force demand in the local labour market.
- **Tracer studies:** These are longitudinal studies in which data is collected and analysed repeatedly over time. They are often designed to track changes at the individual level following a development intervention. In Jordan's context, such studies would be useful to better evaluate the long-term labour market integration impact of interventions such as skills development, business and employability support and/or the work permit scheme.

The overall evidence base presented in this study is less than robust given the limited number of studies to draw from and the quality of evidence presented. The vast majority of the studies presented here are qualitative in nature and many lack the rigour necessary to evaluate the effectiveness of any policy or programme change on the integration of Syrian refugees and potential impacts on other groups, notably Jordanians. Efforts moving forward need to promote the use and deployment of techniques that will better inform future policy decisions.

# Table of contents

## LIST OF TABLES



## LIST OF FIGURES

# 1 Introduction

## 1.1 Background

Among Jordan's population of a little more than 11 million, over 30 percent (or approximately 3.4 million) are non-citizens. This group of non-citizens is highly diverse, composed of refugees, notably from Syria, Palestinians, as well as migrant workers. According to the United Nations Refugee Agency (UNHCR), as of 31 March 2024, there were 717,000 registered refugees in Jordan. The rather sizeable refugee population in Jordon brings forth both opportunities and challenges.

The integration of refugees can boost economic growth, competitiveness and innovation, and augment labour market supply, while enriching cultural diversity. Through labour market and societal integration, the livelihoods of refugees and their families can also be improved. Refugee integration demonstrates humanitarian values and helps to enhance regional stability and global solidarity. Indeed, the acceptance and successful integration of refugees offers benefits at both individual and economy-wide levels.

However, Jordan experienced weak GDP growth since 2011: GDP growth dropped from 2.7 percent in 2011 to a low of -1.1 percent in 2020, spiked at 3.7 percent in 2021 and stabilised again at 2.6 percent in 2023 (World Bank Open Data 2024). This weak economic growth has limited its ability to absorb workers, including refugees, into the formal labour market. Low labour absorption has led to higher levels of unemployment, informality and poverty — for both refugees and Jordanians. Moreover, increased labour supply brought about by the arrival of refugees has raised concerns about the extent to which this has exacerbated economic vulnerabilities and labour market segmentation. The biggest concern is the extent to which refugees would displace the jobs currently held by Jordanians.

When the Jordan Compact was introduced in 2016, it was regarded as "game changing" in how it perceived the challenge of managing protracted migration crises. Rather than sequestering people in refugee camps, the approach regarded Syrian refugees as human capital that could both contribute to the economic development and growth of host countries, as well as their country of origin once they return. The Compact recognised the need to extend labour market access to Syrian refugees to promote inclusive growth for both Syrian refugees and hosts in a protracted displacement setting. To realise this potential, the Jordan Compact convened international donors and International Financial Institutions (IFIs) to contribute financial (e.g. multi-year grants, concessional loans) and technical support to both improve and expand key public services to accommodate Syrian refugee populations. In parallel, the Government of

Jordan (GoJ) undertook key reforms to increase Syrian refugees' access to public services and labour markets.

There have been several efforts to support the integration of Syrian refugees. For example, Syrian refugees have been allowed to work (in certain predominantly low-skilled professions and occupational groups or sectors only) since 2016, work permit procedures have been streamlined, and costs reduced to incentivise employers to hire Syrians. Moreover, since July 2021, Syrian refugees have gained access to work permits in other sectors of the economy that are open to non-Jordanians. Despite these efforts, refugees in Jordan continue to confront persistent barriers to accessing formal labour markets.

Now, eight years after the Jordan Compact was introduced, a large Syrian refugee population remains in Jordan and the project of integrating Syrian refugees into labour markets remains a work in progress. Indeed, many Syrian refugees are now in a more critical condition as the World Food Programme (WFP) and UNHCR have reduced lifesaving assistance due to funding cuts.

### 1.2 Description of the problem

A comprehensive understanding of the economic impacts of refugee access to formal labour markets on both Jordanians and Syrian refugees, including vulnerable groups like women, youth, and informal workers, is crucial for informing policy-making and targeted interventions. There are several studies emerging, mostly smaller in scale, that examine how Syrian refugees can contribute to Jordan's economic growth. However, by and large, research on the economic effects of Syrian refugee access to formal labour markets and knowledge of effective policy interventions to support successful refugee integration in Jordan is limited. The evidence base on the economic impacts relating to employment, wages, prices and household well-being therefore remains scarce.

More detailed analysis and research is needed to support policy change to encourage Jordan to open more economic opportunities to Syrian refugees, and to better tailor policies and labour market interventions to produce positive socio-economic impacts on both host communities and Syrian refugees. The present report provides a review and synthesis of the prevailing evidence, which in Jordan is the first of its kind. It provides a clearer picture on which issues evidence exits, and which analysis and research is still needed.

## 2 Conceptual framework and research questions

Understanding the impacts of refugees and other migrants on receiving countries, their host populations and other groups is a complex endeavour, primarily since it involves comparing actual outcomes to hypothetical scenarios. Moreover, the potential impacts can be wide ranging,

i.e., they can affect issues like social cohesion and economic development, and at different levels, i.e., impacts can be at both the individual level and the societal or economy-level. Yet, well designed policy and programme interventions can generate evidence on how best to integrate refugees into society and the labour market.

Economic theory can help us better understand the potential implications of refugees entering a country like Jordan, as well as shed light on the various mechanisms that influence those outcomes, and thus provide important policy insights. However, economic theory does not provide us with a straightforward understanding of the anticipated impacts since the outcomes can be influenced by a number of different factors. In reviewing recent studies in this domain (Edo et al. 2020; Verme and Schuettler 2021), the impacts of refugees on a receiving country can be broadly organized as those that impact the overall macroeconomic economy (e.g., growth, trade, consumption, etc.) and the labour market (e.g., employment and wages on, and within, different population groups). This framework also enables us to structure the principal research questions associated with the prevailing evidence regarding Syrian refugee integration in Jordan.

## 2.1 Economic impacts

From a broader economic perspective, a sudden and rapid inflow of individuals into a country can have positive welfare effects on a country's economy due to higher demand for goods and services that result from a boost in consumers and increased financial flows stemming from international aid to support displaced persons. The increase in aggregate demand from consumption from refugees, however, will largely depend on several factors including, in the short-term, the initial level of savings and cash held by these individuals and their families and, over the medium term, the country's ability to successfully integrate refugees in the labour market. Additional boosts in consumption and related spillover effects can also come from international agency workers. Moreover, humanitarian agencies typically hire local staff to support programming which can further stimulate growth.

While this can lead to improvements in public finances, the fiscal position of host countries like Jordan will be impacted by the level of expenditure required to finance additional costs such as housing, education and other public services. The overall effect on the fiscal position will also be impacted by the level of financial commitment from international donors, as well as the health of the country's starting fiscal position.

There are also potential economic implications on trade and productivity. These are primarily a function of how capital investment evolves with increased population and potential labour supply. If physical capital remains fixed, this can have negative consequences, but if capital

investments match the increase in the workforce, then an increase in the population and labour force can boost trade and productivity.

Taking the above considerations into account, this review explores the following research question:

1. **What have been the short- and long-term economic impacts of refugees since the onset of the Syrian War?**

The forced mass displacement caused by the Syrian War brought significant disruptions to Jordan and other countries neighbouring Syria. The review gathers available evidence about how this has affected the structure of Jordan's economy and how the arrival of refugees affected aggregate measures such as economic growth, public finances, trade and capital investment.

It will also be important to consider longer-term implications of not improving integration of Syrian refugees, particularly on social cohesion and social stability. This is important given that it has now been 13 years since the onset of the Syrian war, and a large population of Syrian refugees has settled within Jordan and is likely to stay.

### 2.2 Labour market impacts

The potential economic costs and benefits of an increase in the number of refugees in a country is also closely related to the labour market, notably the increase in supply of workers to both the formal and informal labour markets. In terms of what to expect from economic theory, here too there are several competing factors. On the one hand, as mentioned above, there can be an increased demand for workers in the host country that may stem from overall improvements in economic growth (recognizing that the type of new jobs will depend on the nature of the demand for goods and services). This is consistent with the lump of labour fallacy, which purports there is not a limited number of jobs that workers compete for. More broadly, the overall economic conditions and how they evolve – as discussed above – will influence a host country's capacity to absorb an increased supply of workers. Indeed, factors such as the onset of COVID-19 or slowdowns in global growth will inevitably affect overall employment levels, including those of refugees, nationals and other groups.

On the other hand, a rise in the number of workers would typically increase the labour supply and thus place downward pressure on employment and wages of the existing workforce. This negative impact on an increased labour supply will depend on factors such as the location of refugees, for example on versus off camps, and legal entitlements to work. The latter, for example, will determine whether the labour supply effect is associated with formal or informal

labour markets, which can affect population groups differently (e.g. Jordanians are less likely to be engaged the informal labour market).

However, one of the major determinants of how refugees will affect the existing workforce in terms of employment and wages is the degree of their substitutability with respect to skill levels, education and language. In other words, the greater substitutability, the greater competition among workers and thus the more likely it is to have negative consequences. The impact on the labour market will also depend on how well the skills and occupational profiles of refugees match those in demand in the host country.

Against this backdrop, the following research question is explored:

2. **What have been the labour market impacts of the arrival of Syrian refugees on Jordanians, refugees themselves and other population groups?**

The integration of a large population group into society and the labour market inevitably produces a range of labour market and socio-economic impacts on different population groups. The review will gather evidence about how the arrival of Syrian refugees has impacted Jordanians, refugees and other economic migrants in terms of wages, employment levels, job quality and working conditions.

### 2.3 Successful interventions and evidence gaps

In reviewing the evidence against what is anticipated in economic theory, it will also be important to shed light on different interventions that have proven successful (nor not) in this regard. At the same time, in documenting the prevailing evidence much can be learned from the gaps in research that can help to inform future endeavours.

To that end, the review will also explore the following questions:

3. **What might the successful integration of refugees into the Jordanian formal labour market look like?**

The review will examine interventions aimed at supporting refugees to access work. This will include studies of interventions undertaken by both GoJ and international partners, with a view to learning, for example, what effect the changes to job classifications eligible for work permits have had on their uptake and on formal employment.

4. **What gaps exist in the available data and evidence?**

Finally, it will be important to assess the overall strength of the evidence presented. While each research question considers the strength of the evidence related to that particular issue, this section will take a broader perspective and highlight structural limitations of key conclusions

presented in this review. This will be important for identifying areas where further research and inquiry are needed.

# 3 Methods

The review used elements of a systematic review approach to identify, select and synthesise the literature on the economic benefits of Syrian refugee access to formal labour markets in Jordan. The team utilised robust and methodical research protocols, including clear selection criteria, to guide the review process. A mapping of the available evidence was completed to gain a better understanding of the evidence base and to identify gaps in the literature.

A systematic review approach is defined as "a review of a clearly formulated question that uses systematic and explicit methods to identify, select, and critically appraise relevant research, and to collect and analyse data from the studies that are included in the review," (Siddaway, Wood, and Hedges 2019). This review did not include a critical appraisal phase, as it relied heavily on grey literature that did not have the methodological rigour required for a full systematic review.

The approach to the review included six main stages: (1) identifying relevant research questions; (2) searching selected databases and relevant institutional websites; (3) screening the identified literature; (4) data extraction; (5) synthesis of findings; and (6) a critical appraisal of existing evidence.

When identifying relevant research to inform this review, it was necessary to first align understandings among the team and client about the most relevant areas of research given the breadth of the study. The team worked with the client co-develop a flow-diagram in a Miro visual workspace that organised questions from the Terms of Reference into a hierarchical structure. Similar to a Theory of Change, this diagram helped the team to generate a common understanding of the main research questions and areas of inquiry, and to better understand the causal assumptions embedded in the questions, for example the potential costs and benefits of increased refugee access to Jordanian labour markets. This diagram was shared with the client and internal stakeholders, helping to ensure relevant areas were identified from the outset.

The review examined academic and peer-reviewed literature from three databases: JSTOR, Scopus and Google Scholar. This was supplemented by grey literature, defined here as *"any literature produced in electronic or print format that has not been controlled by commercial publishers,"* (Siddaway, Wood, and Hedges 2019, 8), which was identified from a hand search of

16 institutional websites. [1] The research protocols for the academic databases and the website searches differed slightly, due to the nature of the literature and the set-up of the websites—see Annex A for more detail.

### 3.1 Search, screening and data extraction

The review used a purposive sampling approach, with four selection criteria: (1) the population under study was Syrian refugees and host populations in Jordan; (2) the study included data and evidence to support one or more of the first four research questions; (3) the date of publication was between 2016 (the year the Jordan Compact was signed) and 2024; and (4) the study was written was English.

During the search phase, we identified 185 studies for inclusion from the academic databases and 101 studies from the institutional websites. We also undertook a second round of searching through backwards citations, identified by looking through the works cited in the included studies. The team identified 233 studies through this process.

Following the search, we conducted title and abstract screening for all studies included from the academic databases. This narrowed the pool of literature to 169 studies — 146 from the initial search and 23 from backwards citations. To illustrate the screening process, we used a Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) diagram (see Annex B). This tool records different stages of the synthesis review process, showing how many studies are found in the search, how many are excluded and for what reason, and how many are included.

Data extraction was completed using a standardised Google Form (see Annex C). Before beginning this process, the team went through the data extraction form in detail to discuss and clarify the meaning of each question and associated terminology to ensure a standardised approach to data extraction. The team also completed several pilot extractions to ensure consistency.

A further 98 studies were found not to meet the selection criteria on full review and were excluded at the data extraction stage, with 71 studies included in the synthesis review. Once data for these studies was collected, answers in the form were transferred to an Excel spreadsheet for analysis and synthesis.

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[1] Danish Refugee Council (DRC), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Durable Solutions Platform, Economic Research Forum (ERF), European Union (EU), Fafo Institute for Applied International Studies, International Labour Organization (ILO), International Rescue Committee (IRC), Norwegian Refugee Council (NRC), Oxfam, Regional Development and Protection Programme (RDPP) United Nations Development Programme (UNDP), United Nations High Commissioner for Refugees (UNHCR), United States Agency for International Development (USAID), West Asia-North Africa (WANA) Institute, and World Bank

### 3.2 Data synthesis

At this stage, the evidence was analysed and synthesised to help answer the review questions. Using the Excel database, the team was able to review all of the evidence extracted to identify patterns, contradictions, important data points, and gaps in the evidence.

The team split up the synthesis of findings across the individual research questions, with one person working on a question at a time before passing this to a second person for review. The research questions and conceptual framework underpinning the review helped to guide the identification and grouping of key thematic areas.

The team met regularly throughout the drafting phase to discuss emerging findings and to check alignment. Once a first draft synthesis report was complete, the team read through the report to identify areas of overlap or repetition. This review process helped to ensure consistency across the report, with time reserved to identify and address any inconsistencies in the findings and analysis, although in practice none were encountered.

### 3.3 Critical appraisal of existing evidence

The critical appraisal involved analysing the strength and quality of the evidence captured in the review and assessing key gaps in the literature. This allowed the team to explore major themes and patterns across the subject matter.

This information was captured in the data extraction form (see Annex C, questions 5.1 – 5.4). When a team referenced data in a study, they referred to this portion of the data extraction form to assess the rigour of the study and, thus, the reliability of the data. The team was able to comment when studies did not have clearly explained or representative methodologies. These limitations of the evidence were important to acknowledge—especially when making causal arguments.

### 3.4 Limitations

While a good volume of the included literature addressed the Jordan compact and interventions in support of it, evidence to answer the wider research questions was harder to find. The team could therefore only synthesise evidence from a limited pool of studies and reports, with the available evidence providing only partial answers to the research questions.

Given the limited pool of evidence available, the team did not exclude studies and reports based on their methodological rigour and transparency. Only about one third of the 71 included studies and reports were considered by the team either ‘good’ or ‘strong’ in terms of their methodology, rigour and transparency. Most evidence identified was either descriptive or qualitative in nature, which – while beneficial – has limitations in terms of rigorously measuring the impacts of a given

policy or program to support refugee integration. Since the team found a high degree of concurrence across study findings and conclusions, it was decided not to exclude any studies.

To isolate the impacts and better understand the magnitude of different policy interventions to integrate Syrian refugees into the formal Jordanian labour market, quantitative techniques like difference-in-difference, economic analysis or randomized control trials could be applied. However, as discussed in section 4.5, the evidence presented in this review often relies solely on qualitative analysis that is either descriptive in nature or draws insights from the lived experiences and perceptions of refugees navigating formal labour market integration. While such approaches can shed important insights on the intricate barriers that individuals face, such as cultural nuances and social dynamics, the lack of more robust techniques across the identified literature is a major weakness of the evidence presented.

The research team also acknowledges that only English-language studies were used in this review. This approach may limit the results of the study and introduce potential bias. Future research could aim to fill these gaps by exploring literature published in other languages.

# 4 Findings

This section provides insights on the four principal research questions, structured according to the conceptual framework introduced above (see section 2). It begins by providing an overview of the socio-economic characteristics of Syrian refugees in Jordan. It then explores findings according to the conceptual framework and research questions, highlighting successful interventions aimed at supporting refugee access to work and noting gaps in the data and evidence.

## 4.1 Overview of Syrian refugees

Jordan is believed to *"host the second largest number of refugees relative to its population size"* and has been ranked as the third country in the world to host the most Syrian refugees (Sahin Mencutek and Nashwan 2021; Chan and Kantner 2019). While the GoJ's national census stated that 1.3 million Syrian refugees resided in Jordan in 2016, the number of registered Syrian refugees recorded by UNHCR was about half of that (ILO Regional Office for Arab States 2017; UNHCR 2024b). In 2024, UNHCR figures cite 634,728 registered Syrian refugees in the country (UNHCR 2024a; 2024b). Syrian refugees continue to vastly outnumber the remaining refugee population in Jordan, making up an estimated 90 percent of registered refugees and asylum-seekers, while Iraqis, Yemenis, Sudanese and Somalis constitute the remaining 10 percent (UNHCR 2024b). It is important to bear in mind, however, that over time there have been a number of discrepancies in the demographic figures presented by different sources (Sahin

Mencutek and Nashwan 2021; ILO Regional Office for Arab States 2017; Drew Gardiner and Weidenkaff 2017; Chan and Kantner 2019; Fallah, Krafft, and Wahba 2019).

Syrian refugees are located in different regions (or "governorates") of Jordan, although predominantly in the north. Multiple studies have identified that the majority of refugees are hosted in Amman, Irbid, Mafraq and Zarqa (Directorate-General for Economic and Financial Affairs, Errighi, and Griesse 2016; Drew Gardiner and Weidenkaff 2017; Sahin Mencutek and Nashwan 2021; Fakih and Ibrahim 2016). In 2021, it was estimated that of 666,596 registered refugees in Jordan, 29 percent lived in Amman, 24 percent in Mafraq, 21 percent in Irbid and 15 percent in Zarqa (Sahin Mencutek and Nashwan 2021). More recent UNHCR reporting shows that these figures have remained fairly stable (UNHCR 2024a; 2024b). Currently, 89.8 percent of Syrian refugees are based in these four locations (UNHCR 2024a).

According to the most recent UNHCR report on refugee vulnerability in Jordan, the majority of independent, autonomous refugees are supporting 1.8 dependent family members. Also, 16 percent of refugees have a disability (UNHCR 2024c). Moreover, 13 percent of Syrian refugees are rated as high or severe on shelter vulnerability, and 22 percent score high or severe on water, sanitation and hygiene vulnerability. The report notes that only 33 percent of Syrians are currently employed.

**Access to services and employment differs depending on whether refugees live in or outside camps.** In 2017 it was noted that more than 80 percent of Jordan's registered Syrian refugees lived outside of refugee camps, in both urban and rural areas, where access to employment, housing and some services such as subsidised education and healthcare is generally better (ILO Regional Office for Arab States 2017; Drew Gardiner and Weidenkaff 2017; Khawaldah and Alzboun 2022). The remaining 20 percent lived in refugee camps, specifically Za'atari, Marjeeb al-Fahood, Cyber City and Al-Azraq (Drew Gardiner and Weidenkaff 2017).

**Syrian refugees tend to be young, on average.** The Syrian refugee population in Jordan is composed of a very young population (Fallah, Krafft, and Wahba 2019). Among registered refugees in the country, more than half were found to be of working age (i.e. aged 15-65) (Chan and Kantner 2019). About 48 percent of the Syrian refugee population constituted young children under 15 years old (Krafft et al. 2018; Krafft and Assaad 2021). Child labour was also found to be significantly higher among Syrian children than Jordanian children (Kattaa 2016b). Prior to the Jordan Compact, about 37 percent of Syrian boys aged 15-18 were informally employed while 14 percent were formally employed. This was comparatively higher than the rates of employment among their Jordanian counterparts of 17 percent and 8 percent respectively (Kattaa 2016b).

**Most Syrian refugees work in the informal sector.** According to studies from 2019, it is estimated that about 57 percent of Syrian refugees work informally (Chan and Kantner 2019). Jordan's informal economy was found to be large enough to not only employ 44 percent of Jordanian nationals but to also absorb the Syrian refugee labour force and other migrant workers (Hunt, Samman, and Mansour-Ille 2017; Gordon 2019). Informal workers, however, often face precarious working conditions, high job instability and lower wages compared to those in formal employment (Chan and Kantner 2019). In 2020, informally-employed Syrian workers "were more often temporarily out of work" than permit-holders, and Syrian workers overall worked fewer months in the year compared to Jordanians and Egyptians (Stave, Kebede, and Kattaa 2021).

**Syrian refugees tend to find work in sectors where they have previous experience.** Most Syrian refugees in Jordan were found to be employed by the agriculture, construction and service sectors, where many Syrian men had previous experience (Gordon 2019). Over 65 percent of Syrian refugees had worked in agriculture before moving to Jordan (Kattaa, Bryne, and Al-Arabiat 2018). Between 2010 and 2016, there was a rise in immigrant employment in agriculture and a decrease in construction and manufacturing (Malaeb and Wahba 2018). However, it was found that Syrian refugees often lacked the desired experience or training suited to export manufacturing jobs. Moreover, Syrians were reported to be not interested in employment opportunities in the eighteen Special Economic Zone (SEZ) industrial areas (Temprano Arroyo 2017).[2]

## 4.2 Economic impacts

**What have been the short- and long-term economic impacts of refugees since the onset of the Syrian War?**

This section considers the short- and long-term economic impacts of the arrival of approximately one million Syrian refugees since the onset of the Syrian War. This includes enormous costs to Jordan's public finances due to increased strain on public services and infrastructure and pressures on labour markets. However, it is also important to note that Jordan's economy already faced significant structural challenges before the onset of the Syrian war (Wahba 2018). GDP growth had declined from 8 percent in 2007 to 2 percent in 2011 and hit a low of -1 percent in 2020 (World Bank Open Data 2024). A range of other economic indicators, including GDP per capita, trade, inflation and employment rates, were also trending negatively. There is consensus

[2] A more detailed discussion of the evidence for the reasons of limited integration of Syrian refugees in SEZs can be found in the section relating to the research question "What might the successful integration of refugees into the Jordanian formal labour market look like?".

in the literature that while the refugee crisis certainly exacerbated Jordan's economic challenges, it by no means caused them.

This section also considers the potential macroeconomic opportunities of better-integrating Syrian workers into Jordanian labour markets, and the extent to which Jordan has been able to realise these. The vision behind the Jordan Compact involved increasing Syrians access to employment, principally through issuing work permits, allowing Syrians to work formally and contribute to economic output, social security and taxes, and thereby strengthen government finances. Similarly, the agreement to allow Jordanian companies to export to the EU under more advantageous rules of origin with the condition that they provide Syrians with job opportunities offered the potential to boost Syrian employment, while increasing exports and attracting investment. This section examines the extent to which these aims have been realised.

### 4.2.1 Short-term economic impacts

**Increased expenditure on public services**: The sudden arrival of Syrian refugees exerted increased demand on public services, notably in education, healthcare and housing. This stimulated a response from the Jordanian government along with support from international donors which was channelled through the Jordan Compact, with significant resources mobilised to accommodate the basic needs of the refugees (Ministry of Planning & International Cooperation 2018), as well as to strengthen services.

**Inflation**: Economic theory would predict that the sudden arrival of so many refugees and the associated increase in government expenditure would create surplus demand, resulting in significant price inflation. World Bank data, however, indicates that Jordan's headline annual inflation remained modest, oscillating between -1 percent and +5 percent from 2011 to 2022. While still high compared to much of the rest of the world during the same period, it was lower and less volatile than Jordan had experienced in previous years, suggesting that the refugee crisis likely had little effect on headline inflation.

Other sources indicate, however, that the arrival of Syrian refugees did have localised effects on the price of real-estate, food, education and healthcare in communities with high concentrations of refugees (Durable Solutions Platform and Resilient Youth, Socially & Economically (RYSE) 2022; Fallah, Istaiteyeh, and Mansur 2021), and that this forced some lower income workers to move to other areas where there was less competition from refugees for goods and services (Fallah, Istaiteyeh, and Mansur 2021).

### 4.2.2 Long-Term Economic Impacts

**Insufficient growth and declining living standards:** From 2010 until the COVID-19 crisis in 2020, Jordan consistently maintained a GDP growth rate of around 2 percent per year. This was

positive, but less than the 8 percent growth rates Jordan had enjoyed prior to the 2008 financial crash. One study argues that growth was likely curtailed by border closures and the reduction of commerce across the region as a result of the War, and points out that growth has been insufficient to keep pace with Jordan's growing population (Alhajahmad and Lockhart 2017). As a result, GDP per capita (in constant USD) declined from a peak of 4,477 USD in 2013 to lows of 4,000 USD in 2016 and 2020, recovering again to 4,482 in 2023 (World Bank Open Data 2024) – indicating a decline in living standards overall.

**Lack of growth in sectors where refugees work:** Economic theory would suggest that by issuing work permits for labour-intensive sectors like agriculture and manufacturing, this would increase production in those sectors, and their contribution to GDP. However, studies examining quarterly statistics collected by the Department of Statistics in agriculture, construction, manufacturing and services found that none of these sectors demonstrated growth that could be confidently linked to incoming refugees (Alhajahmad and Lockhart 2017). This suggests that integration of refugees into Jordanian labour markets has not contributed to economic growth in the way that was envisaged.

**Trade and investment:** It was expected that simplifying the rules of origin would create positive incentives for investment and boost exports, and thereby contribute positively to business growth and trade. Trade data, however, does not show a clear increase in exports since the Jordan Compact was signed. Data from the World Bank's World Integrated Trade Solution (WITS) indicates that exports to Europe and Central Asia stood at USD 558m in 2014 and USD 537m in 2021, and World Bank data shows that Foreign Direct Investment (FDI) inflows into Jordan steadily decreased from a high of 4.9 percent of GDP in 2017 to 1.3 percent of GDP in 2021 (World Bank Open Data 2024).

**The increasingly important role of international aid in supporting the Jordanian economy:** The most recent 2022 Foreign Assistance Report released by the Jordanian Ministry of Planning and International Cooperation (MOPIC) shows that total aid committed to Jordan in 2022 amounted to USD 4.4bn,[3] with 41 percent going directly to budget support (Ministry of Planning and International Cooperation 2022).[4]

[3] MOPIC reporting breaks this USD 4.4bn into the following categories: Budget Support or Sectoral Budget Support (USD 1.66bn), Contracted Concessional Loans (USD 2bn), and support to the Jordan Response Plan (USD 760 million).

[4] MOPIC's latest Jordan Response Plan (JRP) document reports that funding received under the JRP in 2023 was USD 664m, down from 760m received in 2022. MOPIC indicates that JRP was funded to only 33 percent of what the plan requested in 2022, and 29 percent of what the plan requested in 2023.

The Jordan Compact set out to deliver aid in a way that strengthens host countries' ability to integrate forcibly displaced people into their economies, making them an engine of growth and thereby reducing host countries' dependence on external support (Directorate-General for Economic and Financial Affairs, Errighi, and Griesse 2016). It was thought that improved integration would bring increased wages and tax contributions and bring refugees into social security, which would strengthen public services and benefit society as a whole (Barr 2018).

World Bank data shows, however, that over the years the volume of ODA received by Jordan has become increasingly large in comparison to total government expenditure, more than doubling from 11.4 percent of total government expenditure in 2011 to 25.3 percent in 2020, and remaining in the 21-23 percent range ever since (World Bank 2024a). Efforts to better integrate refugees have not led to a strengthening of public finances. Most refugees continue to work informally and do not contribute to tax or social security, and government revenue stayed at 22-23 percent of GDP from 2016 to 2019 (before dropping to 20 percent in 2020) (World Bank 2024a). General government gross debt also increased from 77 percent of GDP in 2016 to 91 percent in 2024 (International Monetary Fund, n.d.).

The implication is that foreign aid has become increasingly necessary for Jordan to sustain public services, and this in turn supports a considerable amount of consumption through the role aid plays in financing wages in public and humanitarian sectors, and through direct cash assistance.

**Social and economic integration:** Improved integration has potential long-term benefits for the economy, but careful attention is needed to support this in ways that can sustain social cohesion. As early as 2016, reports were stating that "competition between Jordanian labourers and Syrian refugees for the same jobs contributes to the perception that Syrian participation in the workforce has directly influenced unemployment among Jordanians" (ACAPS 2016). More recent studies indicate that such perceptions remain. In 2022, social scientists at the University of Jordan found that a majority of Jordanian workers perceive Syrian refugees to have contributed to a wide range of negative economic impacts, including on labour markets, housing and services, the price of goods, land and real-estate, as well as societal and environmental impacts (Khawaldah and Alzboun 2022, 6). Similarly, a 2021 Fafo study finds that Jordanian workers are evenly divided in their perceptions as to whether Syrians have had a positive or negative influence on Jordanian society, with a slight majority of Jordanian workers disagreeing that Syrians should be allowed full access to all sectors of the Jordanian labour market (Stave, Kebede, and Kattaa 2021).

There have, however, been some clear benefits of work permits to social cohesion. FAFO studies consistently find that holding a work permit provides Syrians with a greater sense of security and safety in public spaces. The most recent Fafo study indicates that work permits may also have helped to improve Jordanians' perceptions of Syrians as hard workers (Stave, Kebede, and Kattaa

2021). Yet, multiple other studies note that feelings of insecurity persist among Syrians (Durable Solutions Platform and Resilient Youth, Socially & Economically (RYSE) 2022; Directorate-General for Economic and Financial Affairs, Errighi, and Griesse 2016).

#### 4.2.3 Strength of the evidence

The evidence presented in this section comes primarily from authoritative sources such as the World Bank, International Monetary Fund (IMF), and Jordan's Ministry of Planning and International Cooperation. These data are considered robust and taken together show that at a country level, efforts to better integrate refugees into labour markets have not translated into sustained growth and broader economic well-being. The cost of not realising these benefits has been Jordan's increasing reliance on international aid.

It is more difficult to assess the potential economic opportunity of better integrating refugees into Jordanian labour markets. At a very basic level, the numerous observational and qualitative studies available clearly show that labour market integration has not been achieved. But while better labour market integration would likely contribute to increased wages and improved working conditions for both refugees and Jordanians working in targeted sectors, there is a lack of robust econometric assessments into whether better integration would be enough, or whether other interventions are necessary to raise productivity to a level that could drive growth and prosperity at a national level.

### 4.3 Labour market impacts

**What have been the labour market impacts of the arrival of Syrian refugees on Jordanians, refugees themselves and other population groups?**

This section builds on the previous discussion, focusing on how efforts to integrate Syrian refugees into the Jordanian labour market have affected other population groups, including both Jordanians and non-Jordanians. It also explores differentiated impacts of labour market integration within the Syrian refugee community, including, for example, differences by socio-demographics such as gender and differences in living arrangements such as residing inside or outside camps.

#### 4.3.1 Impacts on Jordanians and their labour market conditions

As discussed above, the impact on the labour market for Jordanians depends on a wide range of factors, including, among others, the overall macroeconomic conditions in the country and its capacity to absorb the arrival of refugees, the substitutability of refugee workers for nationals, and circumstances surrounding refugee settlement such as entitlement to work.

The evidence indicates that Syrian refugee workers have not displaced Jordanians, at least in the formal job market. The rise of Syrian refugees entering and working in Jordan is not correlated with any negative impacts on Jordanian household wealth, unemployment or work quality in the form of reduced formal employment (Gordon 2019; Hartnett 2018; Giovanis and Ozdamar 2020; Fallah, Krafft, and Wahba 2019). In fact, some small positive effects on Jordanian formal employment were found. A difference-in-difference analysis of data from the 2010 and 2017 rounds of the Jordan Market Panel Survey found that Jordanians living in areas with high concentrations of refugees had no worse labour market outcomes than those living in areas with low concentrations (Fallah, Krafft, and Wahba 2019).

**Sector segregation and higher demand from international aid helped to support overall employment growth**. Some small positive effects on Jordanian formal employment were found, not least because Syrian workers typically do not directly compete with Jordanian workers. Indeed, employment growth in Jordan has, in recent years, predominantly been in sectors where only Jordanians can work (e.g. the public sector) (Couldrey and Peebles 2018). This suggests that there has been a shift in the type of jobs Jordanians do, rather than a loss in employment or job creation. (Fallah, Krafft, and Wahba 2019) also suggest that as the Jordan Compact got underway, increasing demand for labour in key public services and in humanitarian organisations may have had a positive influence on Jordanian employment.

**Negative impacts have been observed for some Jordanian men**. Employment rates among Jordanians had already been in decline since 2009. Several studies therefore indicate that the effect of the refugee crisis on Jordanians as a whole was muted, but that lesser educated Jordanian males working informally were more negatively affected (Fallah, Krafft, and Wahba 2019; Gadallah, Said, and Ibrahim 2022).

**Downward pressure on working conditions and wages, primarily in the informal sector**: Several sources note that increased supply of labour, especially in the informal sector, has led to general downward pressure on working conditions and wages. Reports during the early years of the Jordan Compact indicate that the difference in formal minimum wage for different nationalities did not help this (at the time, for Jordanians the minimum wage was 220 Jordanian Dinar (JOD) per month and for non-Jordanians it was 150 JOD per month – it currently stands at 260 and 230, respectively) (Kattaa, Bryne, and Al-Arabiat 2018). The combined effect was that workers in low-skilled positions faced reduced wages and job displacement as employers opted for cheaper refugee labour (Razzaz 2017). The Department of Statistics wage data over 2010 to 2016 show that pressures are likely different in the formal and informal sectors; while wages in the informal sector likely reduced, the wages of Jordanian workers in the formal sector were hardly affected

(Razzaz 2017). There is only limited evidence of a small negative impact for both Jordanians and migrants on permanent employment (Giovanis and Ozdamar 2020).

**Negative implications on housing for Jordanians:** Studies provided evidence of a negative effect on local housing conditions and rental prices (Durable Solutions Platform and Resilient Youth, Socially & Economically (RYSE) 2022; Fallah, Istaiteyeh, and Mansur 2021) linked to the arrival of Syrian refugees. Alhawarin et al (2020) found that this has impacted Jordanian citizens (Alhawarin, Assaad, and Elsayed 2020), showing that residential mobility among Jordanians increased in response to the flow of refugees and that these effects are more pronounced among poorer and lower-educated Jordanian households.

### 4.3.2 Labour market impacts on other nationalities

**Syrian refugees mainly compete with other migrant workers in the informal economy.** Syrian workers mainly compete in the informal labour market with other migrant workers rather than with Jordanian workers for jobs (Fallah, Krafft, and Wahba 2019; Malaeb and Wahba 2018). Jordan's labour market appears to have accommodated Syrian refugee workers mainly by displacing other economic migrants. This is also indicated by analyses of Labour Market Surveys, which show reduced migrant engagement in sectors where refugees are highly concentrated (such as manufacturing) (Assaad and Salemi 2018; Wahba and Malaeb 2018). Separately, some International Labour Organization (ILO) studies report that GoJ began taking more active measures to control numbers of other migrant workers (notably Egyptians) by reducing inflows and more aggressively deporting those with work permit violations (Razzaz 2017).

The negative impact in the informal labour market has been mainly on Egyptian migrant workers, notably in the agriculture and construction sectors, where few Jordanians work . The effects on Egyptians have come mostly in the form of lower wages and longer hours.

**There is limited evidence, however, that Syrian female refugees have displaced other migrant women.** Gordon (2019) found that Syrian women did not displace other migrant women such as those from Bangladesh or Sri Lanka. This was somewhat contradictory to what the authors had expected given that migrant women were anticipated to replace other migrant workers, notably in the garment sector. However, many female Syrian refugees did not reside in proximity to the SEZs; whereas other female migrants were typically employed under the kafala system, where workers are provided housing and food close to their work.

### 4.3.3 Differential impacts among Syrian refugees

#### *4.3.3.1 Gender*

**Female Syrian refugees did not integrate into the Jordanian labour market to the same degree as Syrian men.** Kattaa, Bryne, and Al-Arabiat (2018) found a clear gender gap, with Syrian refugee men reporting more working hours than Syrian refugee women. They found, for example, that 28 percent of men reported working more than five days a week, while only 14 percent of women reported the same. They also found that men were more likely than women to work more than eight hours a day. Krafft et al. (2018) similarly found that female Syrian refugees' participation in the labour market was negligible.

**Social gender norms and lack of adequate support are the main barriers to Syrian women's economic empowerment.** Several studies deployed qualitative evidence in the form of interviews and focus groups with women. For instance, (Hunt, Samman, and Mansour-Ille 2017) found that many female Syrian refugees reported that they wanted to work, but were unable to do so because of social and practical obstacles. These obstacles included social pressures, a lack of suitable job opportunities, lack of transportation, harassment, extremely low pay, childcare and household responsibilities, and a lack of credit (to purchase raw materials or work permits).

Low labour participation rates amongst Syrian refugee women may be linked to the limited range of sectors available to Syrian refugees. (Barbelet, Hagen-Zanker, and Mansour-Ille 2018) explored the gender impacts of labour market integration according to the differential impacts of work permits across gender. They found that only 4 percent of work permits had been issued to women and for sectors traditionally dominated by men. They also found that Syrian refugee women have a strong preference for work in or close to their homes, such as sewing, cleaning and catering. This is supported by other research (Durable Solutions Platform and Columbia University Mailman School of Public Health 2020a) that found that work opportunities, for example in construction, may be considered socially unacceptable or unsafe for women. The same research engaged with female focus group participants who largely expressed a preference to work close to home due to their caregiving and household responsibilities and to avoid harassment. This has prevented many women from accepting factory or teaching jobs that involve extended work hours and long commutes.

Additionally, (Morris 2020a) suggested that even if the "perfect" program was launched that provided Syrian women with childcare, transportation to factories and decent working hours and conditions, they still failed to retain workers.

#### *4.3.3.2 On-camp vs. off-camp*

**Syrian refugees living in camps experience better workplace treatment and higher levels of health and safety than those residing outside of camps.** For instance, survey results from (Stave, Kebede, and Kattaa 2021) showed that Syrian refugees in Jordan are usually not well protected by written work contracts. However, the case is usually better for refugees inside camps as 43 percent of these refugees hold work contracts, compared to only 2-8 percent of refugees outside of camps.

**Syrian refugees off-camp are at a higher risk of accidents and illness.** Additionally, (Tiltnes, Zhang, and Pedersen 2019) found that work-related accidents and illness are generally more common outside the camps than inside the camps. Less than 2 percent of employed Syrian refugees residing inside camps had experienced work-related accidents and illnesses, compared with 7-9 percent residing outside of camps.

**Syrian refugees living in camps were disproportionately impacted by the pandemic.** (Wahby and Assaad 2024) examined the intersection of work permits and residing in camps during the COVID-19 pandemic. They found that during the pandemic, Syrian refugees experienced significantly lower job finding rates and higher job separation rates compared to Jordanians. Moreover, those who were employed informally were additionally disadvantaged, regardless of nationality. However, the authors found that the differences were driven by the living situation in camps, rather than by work permits or other factors, given that Syrian refugees living in camps were disproportionately impacted by restrictions placed on the movement of people.

**Although off-camp refugees faced legal and social barriers which affected their employability, earning potential for Syrian households was higher outside camps than within**. Despite the availability of work in the transportation, retail and food service sectors, as well as cash-for-work schemes, wages inside camps were far too low for sustenance (Kattaa 2016b).

#### *4.3.3.3 Work permits*

**Work permits did not become the norm**. Over the period of the Jordan Compact, GoJ has introduced changes to work permits to make them more attractive to Syrian refugees. While these changes have increased uptake, work permits have not yet become the norm among Syrian refugees. Fafo studies have tracked uptake of work permits over time, and show that by 2018 approximately one third of Syrians held valid work permits (Tiltnes, Zhang, and Pedersen 2019), which had increased from 10 percent in 2015 (Stave and Hillesund 2015). In the 2020 Fafo survey (Stave, Kebede, and Kattaa 2021), conducted prior to the COVID-19 pandemic, the figure had reduced to 20 percent of Syrians. More recent data is available at the Jordan: Livelihoods Dashboard.

**Perceptions among Syrian refugees may have tempered the incidence of those holding work permits.** While many Syrian refugees were initially barred from formal employment, the Jordanian government quickly issued work permits to ease the situation. Initially, work permit requirements for Syrians were aligned with existing foreign worker schemes and uptake among refugees was limited, with a survey estimating that only 10 percent of Syrian workers held valid work permits in 2014 (Stave and Hillesund 2015). [5] Numerous studies provide a range of reasons for Syrian reluctance to apply for work permits, including their cost (an issue before fees were waived), the requirement to contribute to social security, overly complex procedures, the limitations they impose on working in specific sectors, and fears that officials will deport or relocate them (Chan and Kantner 2019; Directorate-General for Economic and Financial Affairs, Errighi, and Griesse 2016; Kvasničková 2020; Sahin Mencutek and Nashwan 2021; Stave, Kebede, and Kattaa 2021; Tiltnes, Zhang, and Pedersen 2019).

**Overall, work permits have had a positive effect on working conditions among Syrian refugees that hold them.** (Stave, Kebede, and Kattaa 2021) found that holding a work permit has a positive effect on wage levels, working days and social protection. The authors find that while Syrian refugees still earn substantially less than Jordanians, they now earn wages similar to Egyptians. The number of working days per month for Syrian refugees with work permits is also within the normal range of between 20 and 26 days. Finally, they report that as of 2020, less than 3.5 percent of Syrian refugees without work permits have access to health insurance, annual leave and paid sick leave, compared to 11 to 18 percent among work permit holders.

(Peitz et al. 2023) also find significant benefits that accrue to Syrian refugee work permit holders, notably in urban areas. They find that work permit holders have better jobs, better working conditions, less chance of exploitation and reduced fears of detention. The authors also point to improved food security for these permit holders.

**Work permits are, however, not a guarantee for better working conditions.** Sahin and Nashwan (2021) argue that despite refugees' access to work permits, the restricted sectors that they are allowed to work in forces highly skilled Syrians into underemployment and exploitative working conditions. While initiatives to integrate refugees into the formal economy have led to better job security and working conditions for some, implementation of policies has been partial and enforcement of rules has not been sufficient to provide workers and employers with strong incentives to comply (Kattaa and Both 2023).

[5] Recent data indicate that this figure is around 7 percent: https://data.unhcr.org/en/documents/details/109075

Various studies point out low rates of social security coverage, wage levels and employment benefits, and find that having a work permit in Jordan did not guarantee that Syrian workers would have written employment contracts or decent work conditions, nor did it guarantee that they were safe from exploitation, unfair treatment or deportation (Morris 2020b; ILO Regional Office for Arab States 2017; Stave, Kebede, and Kattaa 2021). In fact, the ILO/Fafo (2017) study found that only one-third of Syrian respondents surveyed who held work permits had employment contracts. An interviewee from inside Za'atari camp revealed fears of deportation as a result of exiting or working outside the camp without a work permit, and even with a work permit, feared the same consequences if they couldn't get 'leave permits' from the camp (Barr 2018). In 2019, Chan and Kantner stated that less than a third of registered Syrian refugees of working age had work permits, suggesting that most working age refugees were engaged in the informal economy (Chan and Kantner 2019).

Barbelet et al. (2018a) outlined that Syrian refugees' scepticism towards work permits could have been due to a lack of awareness or a reluctance to stand out in case the Compact was discontinued. Arroyo alluded to the fact that refugees' disinterest towards SEZ manufacturing jobs could have been linked to their "fear of losing their refugee status and/or the donor support associated with it" (Temprano Arroyo 2017). This suggests that either there was a lack of awareness of the fact that their refugee status would be unaffected by formal employment or that the refugee assistance granted by the government, NGOs and other donors was a more reliable livelihood strategy than the precarious and restrictive Jordanian job market.

### 4.3.4 Strength of the evidence

The body of research on the labour market implications of increased Syrian refugees in Jordan is quite extensive. It covers a wide range of topics, including the success (or lack thereof) of formally integrating Syrian refugees into the Jordanian labour market and the impact on Jordanians compared to other migrants. Several studies have also explored the implications of different factors on the labour market integration of Syrian refugees, such as work permits and resident status, i.e., camp vs off-camp. Some studies, although fewer in nature, examined the differential impacts among Syrian refugees, such as women—though there is very little available on the impacts on youth compared to adults.

Overall, the evidence suggests that the impact on Jordanians was limited in nature and any negative implications were concentrated primarily in the informal labour market, impacting wages and employment outcomes for other migrants such as Egyptians and lesser educated Jordanian men.

However, most of the quantitative studies were correlative in nature, rather than causative. A considerable number of other studies were qualitative in nature, focusing on perceptions, rather than quantifying in a rigorous manner the impact of increased numbers of Syrian refugees or different efforts to improve their labour market integration.

## 4.4 Successful integration practices

**What might the successful integration of refugees into the Jordanian formal labour market look like?**

This section reviews major policy interventions and evidence related to policy and programmatic interventions in support of integrating refugees into the Jordanian formal labour market. Based on the availability of existing evidence, this research question can only be partially answered and no firm conclusions can be drawn on what the successful integration of refugees in Jordan's formal labour market looks like. Included studies do, however, present the strengths and shortcomings of the main interventions undertaken to date to improve integration, and shed some light onto what improvements would be needed to make these interventions more successful.

### 4.4.1 Jordan Compact

The most important intervention aimed at supporting the access of Syrian refugees to Jordan's labour market is the Jordan Compact, which sought to foster both economic growth and job creation. The Compact was originally agreed at the Supporting Syria and the Region Conference in February 2016 in London and has since been modified to improve outcomes. Its main aspiration has been turning the Syrian refugee crisis into a development opportunity: GoJ made 200,000 work permits available for Syrian refugees. In return, the European Union relaxed trade regulations to stimulate exports from 18 designated economic zones and industrial areas in Jordan that were assumed to stimulate investments alongside aid funding. Furthermore, employment quotas for Syrian refugees in these businesses were set, and GoJ agreed to reforming the business and investment environment and to formalising Syrian businesses. In December 2018, the Compact was modified, no longer asking exporting companies to employ a minimum percentage of Syrians and setting the target for active work permits for Syrians to 60,000 (A. Al-Mahaidi 2021).

#### *4.4.1.1 Work permit scheme*

There is consensus that the Compact's focus on work permits came at the cost of creating jobs, and that it did not translate into the expected investments and economic stimulus. (Huang et al. 2018: p.53) stated that *"[w]hile there is no silver bullet to job creation and economic development, greater attention should be paid to how refugee-related efforts connect with analyses and plans*

*focused on broader trade, investment and growth promotion."* Others, including (Kattaa 2016a; Huang et al. 2018), highlight the Compact's emphasis on outputs, such as the number of work permits issued to Syrians, rather than outcomes as a flaw in its design. Contributing to this, the Compact did not take into consideration the perspectives of refugees or other affected populations groups (A. Al-Mahaidi 2021; Barbelet, Hagen-Zanker, and Mansour-Ille 2018; Lenner 2021).

To facilitate a smooth process in issuing work permits, employment offices were established in Za'atari and Azraq refugee camps. These offices issue work permits for in-camp refugees to be able to work outside the camp (Stave, Kebede, and Kattaa 2021).

**Over the years, significant progress has been made in providing increased access to the formal labour market for Syrian refugees, despite limited sectors and professions being open to Syrians** (Barbelet, Hagen-Zanker, and Mansour-Ille 2018; Huang et al. 2018). Many barriers have been removed, such as waivers for permit fees or allowing Syrians working in agriculture and construction to switch employers under the same permit. Yearly numbers of Syrian workers with a valid work permit have, in more recent years, exceeded the 60,000 target (Al Husseini 2022).[6]

Numerous scholars and aid agencies (Huang et al. 2018; Dhawan, Wilson, and Zademach 2022; International Rescue Committee 2017b; Norwegian Refugee Council and TAMKEEN 2018; Al Husseini 2022; Ajluni and Lockhart 2019; Kattaa 2017; Alhajahmad, Lockhart, and Barker 2018; Bastaki and Charles 2022; Kelberer 2017; Al Husseini 2022) have, however, warned since the beginning of the Compact that the **sectors and professions open to Syrians were too limiting, essentially only allowing them to formally work in low-skilled jobs**. This meant that those Syrians with tertiary or higher skills levels or skills in closed professions could not be formally integrated. They nevertheless tended to work in these professions, but often informally or based on freelance contracts (Grawert 2019). Furthermore, many Syrian refugees with work permits that were not tied to one employer, in particular in the agriculture sector, were assumed to work in other sectors (Norwegian Refugee Council and TAMKEEN 2018; Ajluni and Lockhart 2019; Alhajahmad, Lockhart, and Barker 2018).

**Limited access to the formal labour market has also led to disruptions in the selection of educational pathways for Syrian youth.** Moreover, changes in the policies with regards to closed sectors during ongoing training or studies created a mismatch between majors selected by the

[6] More recent data can be found on the Jordan: Livelihoods Dashboard (March 2024). It should be noted that a large number of the work permits are for infrastructure or cash for work programmes and thus temporary work. Furthermore, annual numbers of work permits issued include renewals.

Syrian youth and access to the labour market (Durable Solutions Platform, Danish Refugee Council, and Jordan River Foundation 2022).

**Several other persistent barriers for work permits have been reported over the past years**, including the following:

- Persisting bureaucratic hurdles and a complex process (A. Al-Mahaidi 2021; International Rescue Committee 2017b; Bastaki and Charles 2022; Genugten and Charles 2017; Directorate-General for Economic and Financial Affairs, Errighi, and Griesse 2016; International Rescue Committee 2017a), as well as the requirement for the employee to have a valid regular status through the Ministry of Interior's card, which many refugees outside camps do not have (Grawert 2019).
- Preference of employers to hire informally at lower (than minimum) wages and without social security (Grawert 2019; Genugten and Charles 2017; Bastaki and Charles 2022; Harper 2018).
- Earlier quota requirements imposed on some sectors or professions to hire Jordanians and Syrians (Directorate-General for Economic and Financial Affairs, Errighi, and Griesse 2016; Kelberer 2017; Kattaa 2017).
- Inadequate access to information about the rules for work permits, employment and social security, especially for Syrian refugees (Bastaki and Charles 2022; A. Al-Mahaidi 2021).
- Misinformation about and fear of losing access to humanitarian assistance (International Rescue Committee 2017b; Lenner 2021; Al Husseini 2022).
- High cost associated with obtaining work permits and formally employing Syrians. There have also been reports of Syrian refugees having to pay the employer or a broker to make work permit applications, or employers requiring Syrians to cover the employer's social security contributions (A. Al-Mahaidi 2021; Directorate-General for Economic and Financial Affairs, Errighi, and Griesse 2016; Genugten and Charles 2017; Kattaa 2017; Bastaki and Charles 2022).
- Social security payments were also deterring Syrians from obtaining work permits, partially due to fear that they will not benefit from them when eventually returning to Syria (A. Al-Mahaidi 2021). Only household helpers and unskilled agricultural workers were initially exempted from social security. Construction workers on flexible work permits were required to take private insurances (Stave, Kebede, and Kattaa 2021).[7]

[7] According to changes to regulations all formal workers must now be in the 100 percent tranche of social security contributions.

- Appearing on the radar of governing authorities (Lenner 2021).
- Syrian refugees feeling that formality may not result in better working conditions or their preference to become self-employed (Lenner 2021; International Rescue Committee 2017b; Bastaki and Charles 2022).

Despite these barriers, **the formalisation of employment of Syrian refugees has increased their protection and access to improved working conditions for those in possession of a work permit.** A key benefit of work permits for Syrian refugees was that it has provided protection, especially during the early years of the Compact (Directorate-General for Economic and Financial Affairs, Errighi, and Griesse 2016; Razzaz 2017; Couldrey and Peebles 2018; Almasri 2018), allowing permit holders to move in and out of camps or even the country (Norwegian Refugee Council and TAMKEEN 2018; Almasri 2018). Formalisation was also found to have the potential to contribute to better working conditions (Al Husseini 2022; Norwegian Refugee Council and TAMKEEN 2018; Directorate-General for Economic and Financial Affairs, Errighi, and Griesse 2016; Grawert 2019; Kelberer 2017), as under the Jordanian Labour Law employees have the right to a work contract, guaranteed minimum wage and other employment benefits such as paid maternity, holiday leave and inspected working environments. Furthermore, some workers reported feeling that employers could not coerce them into accepting illegal working conditions.

**Nevertheless, formalisation has not resulted in a general improvement of working conditions for all Syrian refugees** and infringements on the rights of workers even with work permits have been documented. These include withholding payments, no work contract, not being allowed to take annual or sick leave and no social or health insurance coverage (Grawert 2019; Al Husseini 2022; Durable Solutions Platform, Danish Refugee Council, and Jordan River Foundation 2022). Furthermore, taking into account deductions for social security payments, refugees with work permits employed at minimum wage may have ended up earning less than in the informal economy (Al Husseini 2022). Others found that where work permits were tied to one employer, refugees voiced fears that this could result in the employer controlling their mobility or engaging in extortion (Directorate-General for Economic and Financial Affairs, Errighi, and Griesse 2016; Razzaz 2017). Syrian refugees also reported that they were not able to enforce their rights due to ineffective dispute resolution mechanism and an ineffective systems of workplace inspections (Norwegian Refugee Council and TAMKEEN 2018).

**Numerous studies found that the formalisation drive through work permits did not result in reducing informality.** The number of Syrian refugees working informally without a contract and/or social security benefits has remained high. Some even estimate that it may have increased (Temprano Arroyo 2017; Ala Al-Mahaidi 2021; Razzaz 2017; Directorate-General for Economic and Financial Affairs, Errighi, and Griesse 2016; Genugten and Charles 2017; Ajluni and Lockhart

2019; Barbelet, Hagen-Zanker, and Mansour-Ille 2018; Gordon 2019; Norwegian Refugee Council and TAMKEEN 2018).

In conclusion, various analyses show that the focus on increasing the number of work permits did not translate into improved livelihoods outcomes for Syrian refugees overall, despite increasing protection and access to better working conditions for some (Barbelet, Hagen-Zanker, and Mansour-Ille 2018; Harper 2018; Huang et al. 2018; Ala Al-Mahaidi 2021; Wahby and Assaad 2024; Dhawan, Wilson, and Zademach 2022). There was insufficient attention paid to working conditions in the formal labour market in general, which have not substantially improved (Couldrey and Peebles 2018; Razzaz 2017). The effort to formalise employment of one population cohort has, therefore, not met expected potential – not only has it failed to simultaneously improve this population's livelihood outcomes, but it has also failed to benefit other population groups, including Jordanian workers (Couldrey and Peebles 2018).

#### *4.4.1.2 Special Economic Zones and Rules of Origin*

Preferential trade agreements were the corner stone to stimulate investments and job creation in return for Syrian refugees being granted access to formal labour market. In July 2016 the simplified rules of origin (RoO) that govern the EU-Jordan Trade Agreement came into effect and lowered thresholds for the percentage of local input required to export to the EU under reduced tariffs, including 52 product groups for a period of ten years. Exporting companies needed to be located in one of 18 designated SEZs or industrial areas such as the King Hussein Bin Talal Development Area near Za'atari Camp and employ a minimum percentage of Syrian refugees. The agreement was revised in December 2018, offering trade preferences to all qualifying companies in Jordan, regardless of their employment of Syrians, if an overall target of 60,000 active work permits issued to Syrians was achieved.

This part of the Compact fell short of expectations, both in terms of creating job opportunities for Syrian refugees as well as stimulating private sector investment. With regards to the employment of Syrians, the deal has been criticised for not taking into account long-standing segmentations within the labour market, which determine the chances of finding work by nationality and gender (Lenner 2021). Studies identified challenges on both sides, employers and prospective employees. For example, for garment factories that traditionally employed South Asian women, employers were reluctant to substitute them for Syrian refugee women who live with their families further away, as well as Syrians lacking relevant work experience. Similarly, interest in working in the garment factories among Syrian refugee women was low, in part due to care and domestic responsibilities and other social barriers such as reluctance among Syrians for women to work outside the home in mixed-gender environments (Lenner 2021; Almasri 2018; Gordon 2019; Couldrey and Peebles 2018). Other constraints were that factories target younger

women, and the need for women to personally attend cash distributions in camps to not lose access for their families. Even efforts by international aid agencies to provide information through job fairs and to support transport (e.g. providing buses from Za'atari Camp to the factories), as well as some employers providing financial support for childcare, did not result in substantial increases in the employment of Syrian women in the garment industry.

Overall, studies indicated that Syrian refugees viewed working conditions with low wages, long working hours and long commutes to SEZs as unacceptably low (Temprano Arroyo 2017; Tiltnes, Zhang, and Pedersen 2019; Couldrey and Peebles 2018; Barbelet, Hagen-Zanker, and Mansour-Ille 2018). The support to SEZs has been critiqued as doing too little to advance decent opportunities for vulnerable populations (Huang et al. 2018). However, those few Syrian women that were employed at the garment factory near Za'atari Camp reported positive experiences (Almasri 2018).

Furthermore, SEZs were mostly located further away from the urban centres where the majority of Syrians lived, which with a poorly functioning transport system meant long commuting times (Barbelet, Hagen-Zanker, and Mansour-Ille 2018; Couldrey and Peebles 2018). There was also low interest in working in SEZs among Jordanians, despite a high unemployment rate, which is seemingly related to a persistent stigma with working in the manufacturing industry (Barr 2018).

The social embeddedness of Syrian refugees and Jordanians compared to other migrant workers is also cited as a major reason for employers to prefer migrant workers (Lenner 2021; Couldrey and Peebles 2018). Some studies state that this preference was due to migrant workers being easier to exploit and therefore considered more productive (Couldrey and Peebles 2018). Furthermore, employers in some industries, such as paper, plastic, packaging and wood and furniture industries, pointed out that they need to invest one to two years in on-the-job training in employees. This, coupled with the perception that Syrians will return in the near future, made them unfavourable potential employees (Harper 2018).

Improvements in employing disabled workers reported at the beginning of the Jordan Compact held promise for employing Syrian refugees with a medical condition or disability. In 2016, 80 percent of factories had met the general quotas on employing people with a disability determined by the Ministry of Labour. This was considered as encouraging in terms of employment of Syrian refugees as 28 percent of males and 21 percent of females residing in Za'atari camp reported that they would need special working conditions due to a medical condition or disability (Barr 2018). It is unclear if this initial promise held true considering the barriers to the employment of Syrian refugees highlighted earlier.

**Private sector investment fell short of expectations due to an unfavourable business environment and structural weaknesses** (Harper 2018; Barbelet, Hagen-Zanker, and Mansour-Ille 2018; Temprano Arroyo 2017). This has been tied to an insufficiently bold business environment reform agenda by GoJ to address pre-existing structural weaknesses, as well as other influences such as negative global economic trends.

#### *4.4.1.3 Formalisation of Syrian-owned businesses*

The original Jordan Compact included reforms to make the formalisation of Syrian businesses more attractive, which only partially happened. Given the lack of substantial reforms, many Syrian businesses were found to have remained informal. Only special regulations for home-based businesses in specific sectors have been adopted. The idea of fostering business formalisation was based on the fact that Syrian entrepreneurs were found to contribute significantly to GDP and employment creation prior to the Compact (Directorate-General for Economic and Financial Affairs, Errighi, and Griesse 2016; Genugten and Charles 2017). In particular inside refugee camps, Syrian-owned businesses contributed significantly to the employment of refugees (Genugten and Charles 2017; Barr 2018).

Despite GoJ revising the regulations for small- and medium-sized enterprises to allow Syrian refugees to start or formalise their businesses, barriers have remained. Barriers to Syrians registering their businesses persisted due to high minimum capital requirements, legal residency and the need to have a Jordanian business partner, which bears the risk of exploitation. The lack of financial inclusion posed another challenge (Ala Al-Mahaidi 2021; International Rescue Committee 2017a; Jamous 2021; Gordon 2019; Durable Solutions Platform, Danish Refugee Council, and Jordan River Foundation 2022).

Failure to remove barriers to Syrian refugees formalising their new or existing businesses was considered to have lowered economic growth and employment creation (Huang et al. 2018). In particular with regards addressing high youth unemployment this would be of relevance, given that around 60 percent of Jordanian and Syrian refugee youths have stated interest in entrepreneurship and self-employment. Start-ups in Jordan were, however, required to follow the same registration process as other businesses (Durable Solutions Platform, Danish Refugee Council, and Jordan River Foundation 2022).

**To furthermore increase labour market participation of Syrian women, the registration of home-based businesses was eased.** Home-based businesses were defined as registered income generating activities operated from the home. Given high gender-based barriers to the employment of Syrian women, this was considered a promising avenue to increase labour market participation among Syrian women (Durable Solutions Platform and Resilient Youth, Socially & Economically (RYSE) 2022; Lockhart, Barker, and Alhajahmad 2018; Barbelet, Hagen-Zanker, and

Mansour-Ille 2018). Since late 2018, Jordan has allowed eased registration of such businesses in food processing, handicraft, tailoring and home services. Business owners were required to pay taxes and account for social security, however, which posed a challenge to many survival-oriented businesses, along with documentation requirements (Durable Solutions Platform, Danish Refugee Council, and Jordan River Foundation 2022; Durable Solutions Platform and Resilient Youth, Socially & Economically (RYSE) 2022). The number of Syrians registering home-based businesses has remained below expectations as a result (Gordon 2019).

### 4.4.2 Interventions by aid partners

#### *4.4.2.1 Employment services*

In response to and in support of the work permit drive under the Jordan Compact employment services became a key intervention area for international partners. The lack of clear and easy-to-access information on employment opportunities had been identified as a critical barrier to refugees, including youth, finding jobs in Jordan (International Rescue Committee 2017b). With the support of aid organisations, employment service centers were set-up in the Za'atari and Azraq refugee camps, which helped to increase the number of work permits issued (Stave, Kebede, and Kattaa 2021). The digitalisation of employment service centres was also supported (US Department of State's Bureau of Population, Refugees, and Migration (PRM) 2019) and job fairs were organised in particular to promote work in SEZs. Infrastructure and cash for work projects collaborated with cooperative offices to improve their outreach and identification of workers among Syrian refugees (Kattaa 2016b).

However, research found that there was little awareness among youth of career counselling services and their importance in helping to identify future employment and educational pathways. This awareness was particularly low among Syrian refugee youth – 3 percent compared to 17 percent among Jordanian youth. Those youth who were aware of available career counselling options, however, did not see accessibility as an area of concern. Despite ongoing support to improve the quality of career counselling services, there was no structural integration of career counselling in the educational system as well as a lack of evidence-based forecasting (Durable Solutions Platform, Danish Refugee Council, and Jordan River Foundation 2022).

#### *4.4.2.2 Skills training and Technical and Vocational Education and Training (TVET)*

Skills training has been a prominent livelihoods intervention since the onset of the Syrian refugee crisis, although the overall outcome in terms of trained people obtaining sustainable employment has remained low. This is in line with global evidence suggesting that the employment impact of vocational training is low (McKenzie 2017). A key shortcoming identified

was that the, often, short-term training offered to refugees and their Jordanian hosts was not aligned to market needs, highlighting the need for improved labour market assessments. In a similar vein, formal TVET curricula also did not cater for the skills and qualifications required by the labour market (Thiel and Abdel-Massih-Thiemann 2020; Durable Solutions Platform and Resilient Youth, Socially & Economically (RYSE) 2022; Durable Solutions Platform, Jordan River Foundation, and Danish Refugee Council 2021; Durable Solutions Platform and Columbia University Mailman School of Public Health 2020b; Chan and Kantner 2019).

Skills training initiatives found to be more successful have been based on a solid labour market assessment and have directly involved the private sector, for example in designing the training curriculum and counselling students (Genugten and Charles 2017; Altai Consulting 2022).

Despite large investments in vocational training for refugees, sectoral restrictions to the formal labour market impeded employment outcomes (Durable Solutions Platform, Danish Refugee Council, and Jordan River Foundation 2022; Altai Consulting 2022). The inclusion of Syrian refugees in Jordan's formal vocational education remained low, in part as many occupations were not open to Syrians (Alhajahmad, Lockhart, and Barker 2018). Moreover, there is low interest in vocational jobs as TVET continues to be seen as a lower-level education based on social norms (Durable Solutions Platform, Danish Refugee Council, and Jordan River Foundation 2022; Harper 2018). At the same time, however, educational attainment has yielded very low employment outcomes among Syrian refugee youth, with very few having found a job related to their field of study (Durable Solutions Platform, Danish Refugee Council, and Jordan River Foundation 2022).

Skills training and TVET are found to have produced better outcomes if coupled with job counselling and other accompanying advisory services, such as links to the private sector, mentoring, business promotion and support for start-ups, vocational information services and job placement centres (Altai Consulting 2022; Thiel and Abdel-Massih-Thiemann 2020). Moreover, including internships and on-the-job training in skills training further improved the chances of graduates finding employment (Thiel and Abdel-Massih-Thiemann 2020). Where well done, skills training has been found to contribute to improved social cohesion between Syrians and Jordanians (Thorne 2021).

#### *4.4.2.3 Public works programmes/Cash-for-Work*

Cash for Work and other public works or employment programmes have been a key feature of the response to the Syrian refugee crisis, especially within camps. These programmes provide quick temporary income to households, and thus were found to have a positive immediate effect on household incomes. However, long-lasting benefits on household savings or improved skills have been found to be low (International Rescue Committee 2017a; Barr 2018; Leiderer and Roxin 2023).

An impact evaluation of a Cash for Work initiative inside Za'atari camp found evidence that Cash for Work activities had a positive and significant impact on household wealth as well as income during the temporary employment of a household member (Lombardini and Mager 2019). Another more recent impact evaluation of a larger scale programme also found that the absolute change in the average household income was higher for female participants (Leiderer and Roxin 2023).

**Benefits of Cash for Work programmes on the skills level of participants were limited.** Only semi-skilled participants have been found to improve their skills through camp-based Cash for Work programmes (Lombardini and Mager 2019). However, even where participants have increased their technical skills through public works programmes, this did not necessarily result in better long-term job prospects (Loewe 2020).

Overall, an impact evaluation found that Cash for Work programmes did not result in structural economic improvements at individual, community or society levels. However, similar to skills training, Cash for Work has been found to positively impact social cohesion and increase trust between refugee and host communities (Leiderer and Roxin 2023).

#### *4.4.2.4 Support to existing businesses*

Interventions aiming at creating sustainable jobs by supporting existing businesses to increase their productivity have been found effective yet costly. The hypothesis that increased enterprise productivity in turn creates and sustains jobs and stimulates the economy has been found to hold. Job retention could be further increased by ensuring a skilled workforce and ensuring that businesses were well managed. In Jordan, many partners focused on private sector companies with growth capacities and a primarily low-skilled workforce in sectors open to refugees to create jobs for more vulnerable workers such as refugees and women. This approach has proven impactful in terms of number of sustainable jobs created compared to other inventions. Targeted support to companies has also allowed them to address decent work deficits. However, in terms of cost per job created this intervention type fared highest. Nevertheless, other positive spill-over outcomes, such as improved private sector capacity and stimulated local economies, should also be considered (Altai Consulting 2022).

#### *4.4.2.5 Entrepreneurship support*

Creating jobs through entrepreneurship support to help targeted people to establish micro-enterprises has yielded mixed results. This approach could contribute significantly to enabling beneficiaries to generate sustainable livelihoods, when they succeed. However, the risk of business failure was high, and most businesses were not scalable, and thus have been unlikely to create any further jobs. Nevertheless, even at survival level, the support was found to be

appreciated as an additional income source and in terms of creating skills for income generation. Formalisation of existing micro-businesses also appeared to improve business sustainability. In terms of cost, the home-based and microbusinesses approach was the cheapest when calculating the cost per business established or supported (Altai Consulting 2022).

Studies emphasise that access to formal financial services needs to be targeted based on financial stability and entrepreneurial spirit. Entrepreneurship support was often combined with working with micro-finance institutions by, for example, providing subsidised capital or through a risk-sharing facility. While demand for micro-finance loans was generally high, refugees demonstrated hesitation in using formal credit, especially if they felt that investment opportunities were not safe. Studies therefore suggested not to focus on refugees with unstable and low incomes as they might use the micro-credit for consumption or recovery from financial shocks. To support successful and sustainable businesses, the focus should be on more entrepreneurial and financially stable refugees rather than the most vulnerable segment (Dhawan, Wilson, and Zademach 2022).

#### *4.4.2.6 Women's Economic Empowerment*

Female labour force participation was low in both Syria and Jordan prior to the Syrian refugee crisis and women's economic empowerment has continued to face structural gender-based barriers. The lack or high cost of childcare and adequate, women-friendly public transportation were found to be key barriers preventing women from accessing the formal labour market and/or resulting in early departure from the labour market by young women (International Rescue Committee 2017b; ILO Regional Office for Arab States 2017; Durable Solutions Platform, Danish Refugee Council, and Jordan River Foundation 2022; Drew Gardiner and Weidenkaff 2017). Other constraints included harassment and abuse of women in public spaces and workplaces, social norms as well as gender discrimination in general (Drew Gardiner and Weidenkaff 2017; Barbelet, Hagen-Zanker, and Mansour-Ille 2018). Despite outreach activities such as job fairs to encourage and inform women of their options, and offers of subsidies for childcare and safe transport, few women took advantage of work opportunities (ILO Regional Office for Arab States 2017; Almasri 2018). Providing targeted information directly to women has proven to be effective in some cases, however. An example was awareness raising campaigns involving agricultural cooperatives that have resulted in increases in women obtaining work permits in the agricultural sector (ILO Regional Office for Arab States 2017).

**Self-employment, in particular through home-based businesses, has been found to be a promising yet insecure avenue for women's economic empowerment** as an alternative to wage employment (Barbelet, Hagen-Zanker, and Mansour-Ille 2018; Dhawan, Wilson, and Zademach 2022). However, as discussed earlier, many businesses tended to remain small, informal and

survival-oriented. Micro-finance has also been found to lead to over-indebtedness of women customers if financially vulnerable women were targeted, which further exposed them to protection risks such as imprisonment. Furthermore, micro-enterprises and micro-finance did not help in overcoming gender-based barriers such as social norms and the success rate in terms of business establishment is low (Dhawan, Wilson, and Zademach 2022).

**Gender-based discrimination has hindered women from participating in some Cash for Work projects.** During the early days of the work permit scheme for Syrian refugees, women's participation was low not necessarily because of lack of interest, but due to reluctance by authorities to issue work permits for women to do certain jobs, for example road works, an occupation considered to be male (Lenner 2021).

**The work permit scheme has contributed to Syrian women changing sectors of employment.** A study found that many of those Syrian women who already worked prior to displacement shifted sectors when working in Jordan, such as to the food and beverage sector (Lockhart, Barker, and Alhajahmad 2018).

#### *4.4.2.7 Graduation approach*

Adapting the graduation approach to the Jordan context, including support to formalising the labour market, is relatively new and has therefore not yet produced sufficient evidence. The graduation approach combines consumption assistance, asset transfer, vocational training, mentoring, seed capital support and financial inclusion, along with other interventions to support the poorest population segments to achieve self-reliance. Likely outcomes, such as a single minimum-wage job or a home-based business, were found, however, to be unlikely to result in self-reliance of households due to the high cost of living in Jordan (Durable Solutions Platform and Resilient Youth, Socially & Economically (RYSE) 2022). Moreover, using microcredits as part of the intervention package targeting the most financially vulnerable was reported to be problematic given the lack of substantial empirical evidence that supports the thesis that micro-credit improves refugee livelihoods and self-reliance (Dhawan, Wilson, and Zademach 2022). Nevertheless, existing graduation programmes could be successful despite their high cost since they combine both push and pull factors and foster an enabling environment (Durable Solutions Platform and Resilient Youth, Socially & Economically (RYSE) 2022).

### 4.4.3 Strength of the evidence

Most of the evidence identified through this synthesis review was not focused narrowly on any policy or programme intervention but has taken into consideration factors both internal and external to the intervention in question. With regards to major policy interventions such as the Jordan Compact findings were primarily qualitative in nature, which is highly informative and can

be used to adjust ongoing and future interventions but makes it more difficult to determine the actual impact of interventions on integration. To fully answer this research question, more quantitative evaluations based on pre- and post-intervention data would be needed.

While there are many studies reviewing integration practices of Syrian refugees in Jordan, most are descriptive and rely on qualitative methods such as interviews and focus group discussions. This includes evaluations of projects and other interventions, typically conducted immediately at the end of interventions and thus not able to highlight longer-term effects or measurable impacts. Only two impact evaluations were included.

### 4.5 Evidence gaps: What gaps exist in the available data and evidence?

Upon gathering all relevant publications for this study, the research team observed a high number of duplications during the backward citation process. This suggested that only a small 'universe' of literature is available on Syrian refugees in Jordan's formal labour market. The team also observed repeated mentions of the same authors, publications or datasets which gave us confidence in the reliability of such sources.

*Table 1: Kinds of evidence gathered & methods used*

| Methods | Number of studies |
|---|---|
| Primarily qualitative | **42** |
| Mixed methods | **9** |
| Primarily quantitative | **18** |
| Project Summary | **2** |

*Table 2: Design of studies*

| Methods | Number of studies |
|---|---|
| Descriptive | **59** |
| Econometric/Quantitative modelling | **7** |
| Experimental | **4** |
| Descriptive & econometric/ Quantitative modelling | **1** |

As shown in

Table 1 nearly 60 percent of the studies included in this systematic review used primarily qualitative methods, typically interviews and focus group discussions. 83 percent were descriptive in nature (Table *2*). Only a small number of studies were based on econometric or experimental modelling.

| Methods | Number of studies |
|---|---|
| Primarily qualitative | **42** |
| Mixed methods | **9** |
| Primarily quantitative | **18** |
| Project Summary | **2** |

The absence of longitudinal data that captures labour market outcomes and other socio-economic characteristics makes it difficult for any research study to undertake a quantitative evaluation of policy and program changes, for example by undertaking a quasi-experimental design. Of course, many countries lack data of this nature, especially when it comes to the ability to gather insights and collect information on refugees. And while several studies leverage prevailing data of this nature, this gap has considerably limited the nature of the studies carried out in recent years.

Compounding this problem is the lack of primary data associated with different policies or programmes. Despite the vast array and scale of policy and program efforts, including numerous adjustments to schemes over the past decade, it appears that no policy program or intervention reviewed was designed in a way to gather data pre- and post-intervention, including on potential control groups, that would enable researchers to evaluate and isolate the impact of the policy/programme change in a more rigorous way.

Given these issues, it is not surprising that the vast majority of studies reviewed took a qualitative approach to assessing the success of formal labour market integration. These studies took two primary forms. The first set of studies focused on interviews and focus group discussions with Syrian refugees about the barriers they face to formalization and their preferences and perspectives. The second, more common, was a set of studies that took the form of a policy evaluation or recommendation based on qualitative assessment of the situation, including citing aggregate statistics and viewpoints rather than a rigorous evaluation.

Labour market integration of refugees is complex, including challenges of a behavioural nature. It is therefore important that future efforts — while addressing the gaps in quantitative approaches set out above — continue to embed a strong element of qualitative research that gathers insights on the views of Jordanians and perspectives of Syrian refugees on opportunities and challenges of leveraging the full potential of Syrian refugees for individual well-being and inclusive growth.

### 4.5.1 Areas for further research

In looking at the breadth of studies reviewed as part of this meta-analysis, it is clear that one of the most significant gaps relates to the manner in which these studies were undertaken. Few of the methods adopted enabled researchers to isolate and measure the impact of a given policy change or intervention on the labour market outcomes of refugees, Jordanians or other population groups. A number of different methods should be encouraged going forward, including**:**

**((Quasi-) experimental) impact evaluations:** These methods, such as difference-in-differences or regression discontinuity designs, allow researchers to compare outcomes between treatment and control groups, exploiting natural variations in program implementation or eligibility criteria. This requires a commitment to evaluation and strengthening the overall capacity of organizations to collect the necessary data to perform more rigorous assessments of policy interventions. It also, in some instances, requires the availability of frequent and robust aggregate labour market indicators for comparison purposes.

**Labour market assessments:** Labour market assessments have the objective of better understanding the occupations and skills in demand in Jordan. These assessments can identify possible labour market opportunities in promising sectors, as well as prospective employers, sectors and occupations. They can also inform skills development programmes with the ultimate objective of addressing skilled labour force demand in the local labour market.

**Tracer studies:** These are longitudinal studies in which data is collected and analysed repeatedly over time. They are often designed to track changes at the individual level following a development intervention. In Jordan's context, such studies would be useful to better evaluate the long-term labour market integration impact of interventions such as skills development, business and employability support and/or the work permit scheme.

# 5 Conclusions

The overall evidence base presented in this study is less than robust given the limited number of studies to draw from and the quality of evidence presented. The vast majority of the studies presented here are qualitative in nature and lack the rigour necessary to evaluate the effectiveness of any policy or programme change on the integration of Syrian refugees and potential impacts on other groups, notably Jordanians. Efforts moving forward need to promote the use and deployment of techniques that will better inform future policy decisions.

In terms of the broad economic impacts, studies indicate a consensus that the arrival of Syrian refugees exacerbated Jordan's economic challenges but was not the cause of them. Jordan had

experienced a period of high growth in the early 2000s, but economic data shows the economy was already slowing by the time the Syrian War got underway, largely as a consequence of the 2008 global financial crisis.

Economic data show that the growth opportunity envisaged by the Jordan Compact has not been fully realised. Jordan experienced modest but steady growth of 2-3 percent per year since 2016, except in 2020 during the COVID-19 pandemic. This growth, however, was not sufficient to keep pace with Jordan's expanded population. GDP per capita fell sharply after 2013 and stayed flat until 2021. The contribution of refugee labour to growth is difficult to discern, as studies have been unable to confidently attribute refugee labour to growth in sectors where refugees are permitted to work, suggesting that work permits have not played their anticipated role. Furthermore, increases in trade and investment, expected to follow as a result of the EU's simplified rules of origin and creation of SEZs for companies that offer employment opportunities to Syrian refugees, have not materialised.

More broadly, economic data and some studies raise concerns about Jordan's growing dependence on external aid. World Bank data shows that external aid has steadily increased relative to government expenditure over time, suggesting that public services have become increasingly reliant on external support to function. Aid also supports a considerable portion of general consumption through its role in paying wages of public and humanitarian sector workers, and in providing cash transfers to refugees and host communities. Implementation of the Jordan Compact has not realised its vision for creating conditions for refugee self-sufficiency and sustained economic growth.

With respect to the impact of Syrian refugees on the Jordanian labour market, the evidence presented in this study suggests that Syrian refugees did not, by and large, compete for the same jobs as Jordanians. Thus, the potential negative effects on Jordanians of an expanding labour supply resulting from the arrival of large numbers of refugees are not present or, where they do exist, are largely insignificant.

This, however, appears largely because policies to integrate Syrians in the formal labour market, for example through access to work permits, were not effective. This meant that Syrians (mostly men) were primarily engaged in the informal labour market. There is evidence to suggest that this placed downward pressure on wages and employment among workers already working informally, including Egyptians and some Jordanian men. In terms of female Syrian refugees, they – for several reasons – worked informally but as unpaid family workers and thus had seemingly no impact on other female migrant workers, for example those employed in the garment industry.

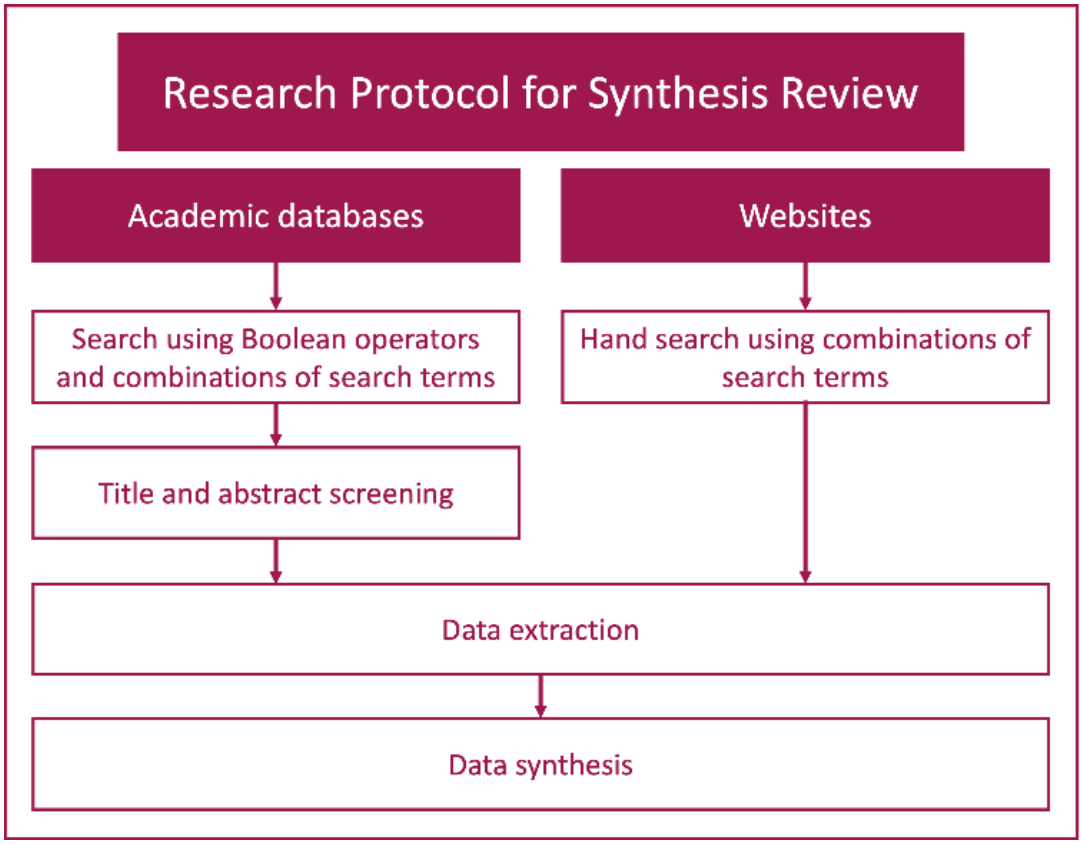
In reviewing major policy interventions, the Jordan Compact has been found to be of limited success. Evidence points out that the work permit scheme, while reaching targets, has not been effective in reducing informal employment of Syrian refugees. Nor has the Compact delivered on strengthening the Jordanian economy through increasing exports or formalising businesses.

In terms of interventions by aid partners, the lack of impact evaluations and quantitative and longitudinal studies hampers the ability to draw conclusions on their effectiveness. Existing evidence shows limited sustainable and long-term effects on employment of interventions such as skills and vocational training, cash for work or self-employment support.

# Annex A: Differing research protocols for academic databases and websites

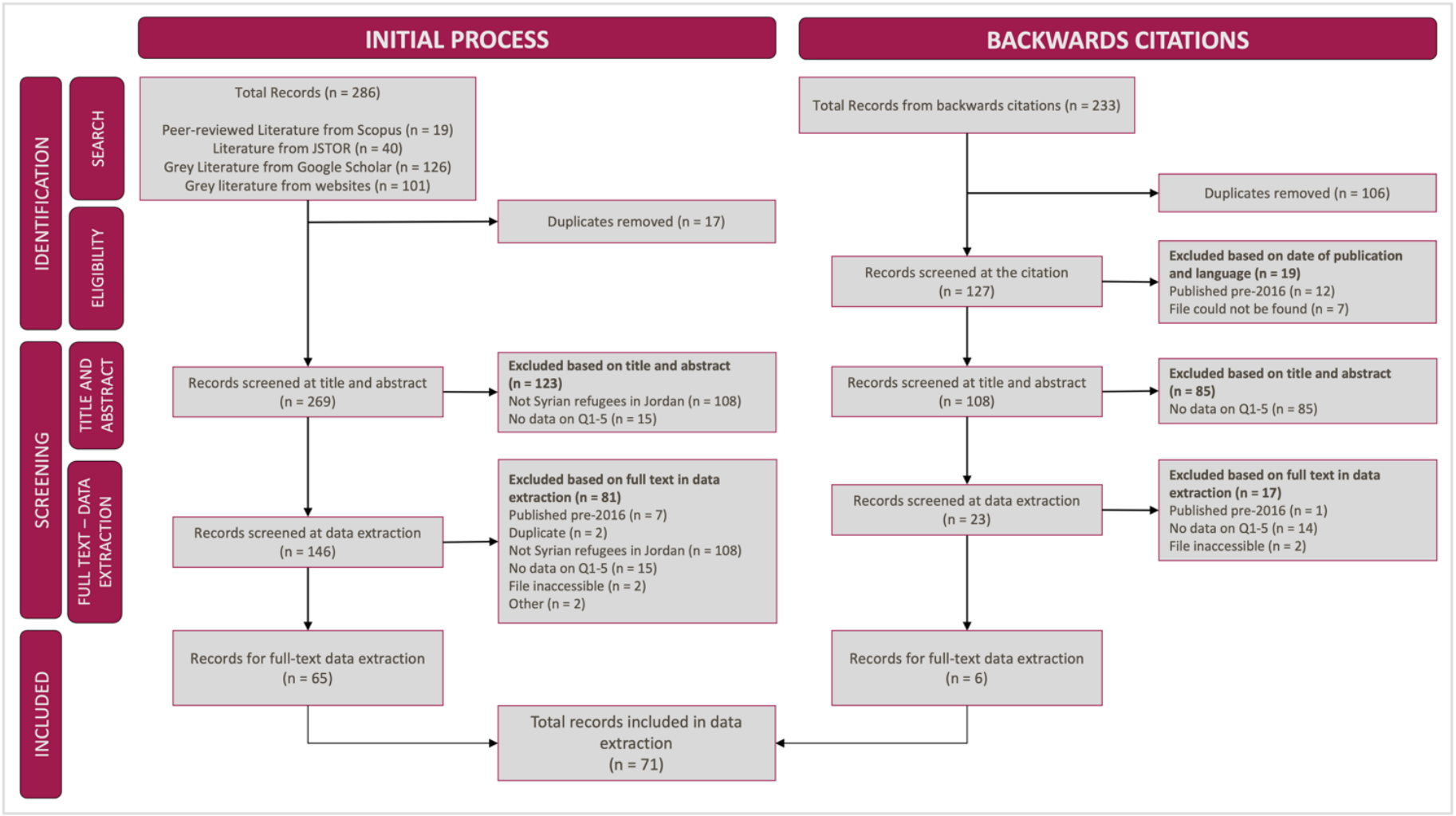
Studies found through the academic databases were screened at title and abstract level for inclusion, before being processed using the data extraction form. Studies found on websites were screened in situ, with those that meet the inclusion criteria proceeding straight to the data extraction phase. See **Error! Reference source not found.** for a representation of the different search protocols applied for this synthesis review.

*Figure 1: Research protocol for synthesis review*




When searching academic databases, we looked at the first 50 percent of results, looking at a minimum of 50 results per database (if there were over 50). This is because results become less relevant in later pages. We found a total of 185 studies on the three academic databases: 19 from Scopus, 40 from JSTOR, and 126 on Google Scholar. When searching the 16 institutional websites, we looked at the first 30 percent of results, looking at a minimum of 50 results (if that many were available). We found a total of 101 relevant studies.

## Annex B: Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) diagram



## Annex C: Data extraction form

See file in separate attachment.

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