

Assessing the Needs of Refugees for Financial and Non-Financial Services - Jordan

Final Report

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Disclaimer

The analysis and recommendations of this report do not necessarily reflect the views of the Grameen Crédit Agricole Foundation (GCAF), the United Nations High Commissioner for Refugees (UNHCR), or the Swedish International Development Cooperation Agency (Sida). This is an independent publication and reflects only the views of its authors.

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Acronyms

AML	Anti-money laundering
CBJ	Central Bank of Jordan
CBO	Community-based organization
CCF	Common Cash Facility
CGAP	Consultative Group to Assist the Poor
CSC	Community Support Committee
CTF	Counter-terrorism financing
DFS	Digital financial services
DRC	Danish Refugee Council
FGD	Focus group discussion
FSP	Financial service provider
GCAF	Grameen Crédit Agricole Foundation
GDP	Gross domestic product
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i>
HBB	Home-based business
IDP	Internally displaced person
IFC	International Finance Corporation
ILO	International Labour Organization
IRC	International Rescue Committee
JOD ¹	Jordanian dinar
JoMoPay	Jordan Mobile Payments
JRF	Jordanian River Foundation
JRP	Jordan Response Plan
KYC	Know-your-customer
MENA	Middle East and North Africa
MFI	Microfinance institution
MFW	Microfund for Women
MoI	Ministry of Interior
MoL	Ministry of Labor
MoPIC	Ministry of Planning and International Cooperation
MSE	Micro and small enterprise
MSME	Micro, small and medium-sized enterprise
NFIS	National Financial Inclusion Strategy
NGO	Non-governmental organization
NRC	Norwegian Refugee Council
PSP	Payment service provider
Sida	Swedish International Development Cooperation Agency
SME	Small and medium-sized enterprise
SPTF	Social Performance Task Force
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development
USD	United States dollar
VAF	Vulnerability Assessment Framework
ZOE	Zaatari Office for Employment

¹ JOD 1 ~ USD 1.4 (May 2018).

About Grameen Crédit Agricole Foundation (GCAF)

Initiated in 2008 by the Groupe Crédit Agricole, in partnership with Prof. Muhammad Yunus, Founder of the Grameen Bank and Peace Nobel Prize 2006, the Grameen Crédit Agricole Foundation (GCAF) aims at contributing to the fight against poverty in developing countries by financing microfinance institutions and social business enterprises. It provides loans, equity, guaranties and technical assistance to its partners. Initially the Foundation received an endowment of 50 million euros. Currently the Foundation works with 70 partners in 33 countries.

About the Swedish International Development Cooperation Agency (Sida)

The Swedish International Development Cooperation Agency (Sida) is a government agency working on behalf of the Swedish parliament and government, with the mission to reduce poverty in the world. Through its work and in cooperation with others, Sida contributes to implementing Sweden's Policy for Global Development. The goal of Sweden's international aid work is to improve the living conditions of people living in poverty and under oppression. Sida's work is governed by the annual appropriations and the strategies for development co-operation with countries, regions and themes designated by the Swedish government. Sida decides over about half of the Swedish foreign aid. Bilateral development assistance, between Sweden and another country, is conducted by Sida, while the Foreign Ministry decides mainly about the support channelled through multilateral organizations such as UNDP, UNICEF, WHO and the World Bank. Sida's mission also includes support to reform cooperation in eastern Europe, allocated by a special appropriation, and humanitarian assistance to people in need.

About the United Nations High Commissioner for Refugees (UNHCR)

UNHCR, the UN Refugee Agency, is a global organization dedicated to saving lives, protecting rights and building a better future for refugees, forcibly displaced communities and stateless people. UNHCR leads international action to protect people forced to flee their homes because of conflict and persecution. The organization delivers life-saving assistance like shelter, food and water, helps safeguard fundamental human rights and develop solutions that ensure people have a safe place to call home where they can build a better future. It also works to ensure that stateless people are granted nationality. UNHCR works in 130 countries around the world on behalf of 67.7 million people.

About Microfinanza

Microfinanza is a fully independent company registered in October 2000 as an Italian Limited Liability Company providing qualified services and technical support to the microfinance sector worldwide. Microfinanza targets both the offer and the demand sides: financial service providers and MSMEs, migrants, refugees, youth entrepreneurs, women in households and vulnerable people excluded from access to finance. Microfinanza has developed and implemented more than one hundred and fifty interventions in Sub-Saharan Africa, Asia and South East Asia, Middle East and North Africa, Central Asia and the Caucasus, Latin America and the Caribbean, the Balkans and Europe.

Executive Summary

Introduction. The Swedish International Development Cooperation Agency (Sida) and United Nations High Commissioner for Refugees (UNHCR) have developed a ***joint program to facilitate access to credit for income generating activities and consumption for the refugee population and their host communities in Jordan and Uganda***. The two agencies selected the Grameen Crédit Agricole Foundation (GCAF) as a partner for the initiative and, as a first step, commissioned a country assessment in Jordan and Uganda in order to assess refugees' demand for and access to financial and non-financial services as well as the challenges and opportunities they face. This report presents the findings from the demand assessment in Jordan.

Methodology. The assessment is primarily based on original data collection through direct consultations with refugees as well as financial service providers (FSPs) and other relevant stakeholders. In particular, it involved ***interviews and focus group discussions with a total of 117 refugees*** (48% women and including 108 Syrians, 4 Iraqis, 3 Yemeni, and 2 Sudanese) in the capital Amman (49%) and the Zaatari 'camp' or settlement in the Mafrq governorate (51%) as well as interviews with 13 stakeholder entities. The assessment also relies on the review of secondary sources. Since direct consultations only involved a limited number of refugees, the data and information collected are not meant to provide statistically significant results. Furthermore, due to the lack of comprehensive socio-economic data for the whole refugee population, it was not possible to randomly select a representative sample. In fact, ***consulted refugees include an overrepresentation of assisted, and hence more vulnerable, individuals and households***. Consequently, ***findings from the direct consultations with refugees within the scope of the assessment cannot be translated onto the whole refugee population***.

Contextual Framework. With a total of more than ***750,000 registered refugees*** (50% female), Jordan (population around 10 million) is one of the world's largest hosting countries. The ***great majority are Syrians***, but also include Iraqis as well as a more limited number of Yemeni, Sudanese, and Somalis. ***Around half (47%) of the refugee population are of working age and most (83%) are self-settled***, i.e. living among the Jordanian population primarily in urban areas (the remaining share, all Syrians, live in one of three closed settlements).

Jordan's small ***economy is generally struggling*** with absorbing the effects of the Syria crisis, suffering from rising unemployment and high government debt. The country's strategic response to the refugee crisis caused by the Syria conflict is outlined in the Jordan Response Plan, which has adopted a resilience-based approach and seeks to bridge the gap between addressing more immediate emergency assistance needs and longer-term institutional and systemic weaknesses. The plan incorporates the country's endorsement of the so called 'Jordan Compact'; an agreement between Jordan and the donor community which, among other efforts, targets the provision of 200,000 job opportunities for Syrian refugees. While some enabling steps have been taken (including the issuing of almost 100,000 work permits, primarily in the 'open' sectors of agriculture, construction and manufacturing), the ***general regulatory framework still imposes fairly strict conditions***, limiting the opportunities for formal employment and self-employment on part of refugees (particularly non-Syrians) in a good number of professions and sectors (refugees are for example not allowed to engage in home-based businesses outside the settlements). ***Working refugees are consequently commonly engaged in informal activities***.

In recent years, Jordan records a ***general improvement in the level of financial inclusion***, with around one-third of adults having an account with a financial institution in 2017. Formal financial access has generally improved also for the lower income population as well as women, ***but***, except for remittances, the ***formal***

financial inclusion of refugees is very low (7.5% account ownership). Jordan's microfinance sector is relatively young and small, but has grown quite remarkably in recent years. However, so far only **one microfinance institution**, namely the Microfund for Women, **is actively and successfully targeting the refugee population through the provision of credit**. Furthermore, **refugees are specifically targeted by the National Financial Inclusion Strategy (NFIS)** for the 2018-2020 period, which focuses on mobile money accounts as the primary 'point of entry' for refugees (mobile money wallet services have recently been launched in the country and digital financial services are generally promoted by the strategy as one of three core industry pillars for financial inclusion). Finally, **refugees can open a mobile wallet account with a Ministry of Interior (Mol) service card** (which they can easily obtain with the biometric UNHCR registration), **but**, like all foreigners, **need a passport to open an account with a financial institution**.

Key Findings - Human Capital. The majority of refugees, mainly Syrians, have been in Jordan for several years and hence live in a **situation of stable/protracted displacement**. Interviewed refugees, almost all (96%) of working age, live in medium sized households and with an average of 5 dependents. Most refugees have a **relatively modest educational background**. While a small share (12%) of interviewees has completed post-secondary levels of education and would qualify for more skilled professions and employment, the majority have either completed only primary school (57%) or no school at all (10%). Female and Amman-based respondents generally record lower levels of economic/financial independency as well as education.

Key Findings - Social Capital. While interviewed refugees most commonly socialize with and rely on fellow refugees, one-quarter also regularly interacts with and seeks support from Jordanians (especially in Amman). Interactions through structured groups and associations are more frequent in Amman, while consolidated relations in Zaatari are more individual. **Social bonds are generally important for the livelihood strategies of most refugee households**, both within and beyond settlements. Concrete support from international and Jordanian agencies and non-governmental organizations (NGOs) is also relevant for some respondents (particularly in Zaatari). Within such a context, **agencies/NGOs** (as well as aid disbursements) **can function as a powerful bridge between refugees and formal financial actors/channels** and hence play a key role in paving the way for initiatives targeting the formal financial inclusion of refugees.

Relations with Jordanians are generally positive and supportive at the micro (i.e. community) level, with consulted refugees and relevant stakeholders not pointing to any particular tensions between refugees (especially Syrians) and the host communities. **However, since the economy is currently struggling** to absorb the effects of the Syria crisis in general, **potential sources of conflict can be perceived at the macro (i.e. country) level**. The creation of employment and self-employment opportunities for refugees could for example cause tensions with unemployed or underemployed Jordanians. In general, therefore, it is **important for any assistance or development intervention to consider both refugees and low-income host communities**.

Key Findings - Professional Capital. Given the **relatively restrictive regulatory framework** (especially outside settlements), refugees are faced with limited opportunities for formal (or accepted) engagement. In addition, the **Jordanian economy is generally struggling** with low growth rates and high unemployment. **Current employment and self-employment levels among refugees are consequently relatively low**. In fact, three-fifths of the interviewed refugees currently do not have any kind of job or own business activity. Job participation is **particularly low among women** (with 82% of the female interviewees not working). Job opportunities for the interviewed refugees are seemingly greater in Zaatari (where 50% of respondents report to be working either formally or informally) than in Amman (30%), possibly thanks the facilitation of work permits and cash-for-work (through a dedicated employment office) and the acceptance of informal

as well as home-based businesses within the Zaatari settlement. ***On the other hand, at the national level, 117,000 Syrians were estimated to have been engaged – mostly informally or irregularly – in some form of professional activity in 2016.***

Those who work among interviewed refugees are primarily engaged either formally (through work permits) or informally in the open sectors of agriculture and construction as well as other services (including food and beverages), but also informally (especially in Zaatari) in trade and artisanry. These were also the primary areas of engagement in the countries of origin. Although only a small share currently run their own business, ***many refugees recognize the potential of and seek opportunities for self-employment*** towards applying their experience and earning a living (especially after years of protracted displacement). In fact, the 'entrepreneurial drive' of Syrians along with their skills are recognized parts of their professional capital. Efforts to support business activities on part of refugees could hence rely on, but also contribute to further develop and benefit from, this currently largely untapped capital.

Key Findings - Economic/Financial Capital. Given the limited opportunities for employment and self-employment, some refugee households depend on ***cash or money-for-food assistance*** from humanitarian agencies and NGOs. While the refugees interviewed within the scope of the assessment include an overrepresentation of assisted and hence more vulnerable households, a good - albeit minority - share of refugees rely on assistance also at the national level, with 37% receiving either cash assistance (23% of self-settled refugees) or money-for-food assistance (100% of refugees living within settlements). Nevertheless, ***with two-fifths of the interviewed individuals working, respondent households also benefit from occupational incomes***, with salaries from regular work generally representing a stronger income stream than earnings from irregular/occasional work or self-employment. On the other hand, ***interviewed business activities manage to generate relatively sizeable incomes for their owners as well as for their employees.***

On the whole, however, an ***average household income of JOD 177 (~USD 248) per month*** entails a monthly per capita income of only JOD 32 (~USD 45), which is ***well below the Jordanian poverty line*** of JOD 68 (~USD 95), and just above the national abject poverty line of JOD 28 (~USD 39) per capita per month. Years of protracted displacement – especially on part of Syrians - have clearly had a devastating impact on the lives of the refugees. In fact, at the national level, 86% of Syrian refugee individuals and two-thirds of Syrian refugee households (or family units) were estimated to live below the national poverty line in 2015. With expenditures commonly surpassing incomes (at least on a weekly or monthly basis), ***many refugees regularly resort to borrowing*** (with three-quarters of interviewees reporting ongoing debts, more so in Amman than in Zaatari). ***Current debt levels are reasonable for most interviewed indebted households*** - with a median debt of JOD 195 (~USD 273) and debt over monthly income ratio of 2.0 – but a small share find themselves in a situation of significant over-indebtedness (mostly because of having borrowed larger sums to cover expenses for medical emergencies in Jordan or passage from Syria). ***Despite limited levels of income, one-fifth of interviewed refugees manage to regularly save at least some money.*** This points to a proactive approach towards setting up individual financial strategies.

Refugees' current economic/financial capital is limited not only by the regulatory constraints (and struggling economy) curbing their possibilities to engage in employment and self-employment, but also by the lack of a complementary set of financial services. Such services should go beyond the mere provision of credit by integrating also savings, insurance, etc. The provision of a multitude of services would more effectively seek to promote the improvement of the economic/financial conditions of refugee households.

Key Findings - Future Aspirations, Challenges and Opportunities. ***Only a small portion*** (9%) of interviewed refugees ***has concrete plans to resettle abroad*** (i.e. they have started the official resettlement process,

mostly towards joining family members or other relatives abroad). **Requested and actual resettlements are rare also at the national level. Future aspirations** on part of interviewed refugees (including women) **are mostly related to gaining economic independency** either by finding a job (32%) or, more commonly, especially in Zaatar, setting up their own business (46%). Some of those with a plan to start (or develop) their own business activity has already taken some measures to achieve their goals; mainly undergone training and borrowed some money, but also accumulated savings. A good number (42%) also **need additional credit in order achieve their goals**. In fact, **the lack of capital is emphasized as the primary challenge** refugees face when seeking to engage in employment or business activities. The restrictive regulatory framework and lack of (or expensive) transportation are also signaled as important obstacles. Women's job participation is also hampered by cultural biases and/or the need to care of children or other family members.

Notwithstanding these challenges, consulted refugees manifest a remarkable spirit of entrepreneurship and 'appetite' for business. Entrepreneurially oriented refugees identify potential business opportunities in a range of areas, with women generally preferring activities that they can do from home. With formal livelihoods engagement limited to the open sectors of agriculture, construction, manufacturing and some services, informal and home-based enterprises (despite their limitations in terms of growth and the risks of non-compliance beyond settlement borders) currently represent the most likely opportunities for refugees to invest their human, social, professional, and economic/financial capital.

Key Findings - Access to Financial and Non-Financial Services. Despite the common use of savings groups in Syria (especially on part of women), this practice has not (yet) been replicated in Jordan. The majority (79%) of interviewed refugees have resorted to borrowing at least once since arriving in Jordan. With **very limited access to formal financial services** in Jordan (as well as in Syria), **most rely on informal sources of credit** by borrowing primarily from family and relatives (51%) and/or friends and neighbors (64%). One-quarter also resort to store credit. While reliance on informal financial services can be considered as sufficient by some refugees, the **intense informal financial practices point to a situation of actual need**. Furthermore, individual bonds represent the backbone of refugees' financial networks and peer-to-peer practices play a role in consolidating and shaping social connections within communities (which is the core of many informal, and semi-formal, economies worldwide).

However, **credit amounts available through informal sources are commonly not sufficient**. Refugee respondents are **mostly geared towards business loans**, ranging from JOD 300 (~USD 420) to JOD 4,000 (~USD 5,600). Amounts needed (or requested) are generally higher than the average sized microfinance loan in Jordan. In fact, there is a **general preference for individual loans**, with a limited interest in - or indeed knowledge of - group loans. While the concept of fair pricing is not always clear, most respondents are **willing (as well as used) to pay interest**. Interviewed enterprises are also interested in payments services as well as storage of some earnings. Furthermore, financing of green energy products could provide a first and targeted step for the provision of credit within settlements. Finally, digital financial services (and especially **mobile money wallets** as indeed targeted by the NFIS) could play a role in the financial inclusion of refugees in Jordan **if accompanied by efforts to raise financial awareness and literacy**. In fact, the parallel provision of non-financial services – primarily financial education and business management support – is considered crucial for an effective and sustainable financial inclusion. In particular, financial education should target the strengthening of financial capabilities – intended as capacity to set strategies for facing financial needs – of a person.

Limited access to formal financial services on part of refugees is generally caused not only by actual regulatory barriers (such as the lack of a national ID) and restricted outreach on part of FSPs due to concerns over flight risk and/or absence of collateral assets, but also by **poor financial capabilities** on part

of potential clients as well as ***fragmented offer of accompanying non-financial services***. Non-financial services are crucial for the general promotion of increasing awareness, trust, and capabilities of demand. However, financial education is rarely integrated into general microfinance initiatives. Furthermore, even if there are exceptions, some non-financial services offered to refugees by international and national NGOs focus more on vocational training (sometimes coupled with provision of small start-up grants or cash-for-work) and tend to consider financial literacy and business orientation as an ancillary ‘soft skill’.

Summary Conclusions. While the current level of formal financial inclusion – and consequently economic independency - of refugees (mainly Syrians) in Jordan is very low, there is an *interesting demand for financial services on part of refugees, which – if properly accompanied – can provide a potential market for FSPs, especially microfinance actors*. Most refugees are *willing, and eager, to work*, even if formal employment and self-employment opportunities are limited due to the relatively restrictive regulatory and the struggling economy. Important general obstacles also include the lack of capital and availability and cost of transportation, while female job participation is sometimes hindered by cultural biases and/or the necessity to look after children or other family members. Despite these challenges, however, Syrians generally confirm their reputation of having a *strong entrepreneurial spirit and ‘appetite for business’*. Existing refugee enterprises, mostly informal, are profitable and with plans to grow (as well as benefit from a good level of interaction also with Jordanian suppliers and clients), while many other respondents (including women) report on entrepreneurial ideas well-founded on available market opportunities. Prospects for job opportunities generally look more promising in Zaatari than in Amman thanks to the fact that informal and home-based business activities are accepted within settlements. Consequently, even if demand (as well as the financial inclusion challenge) is greater in urban areas where most refugees live, *Zaatari and other settlement contexts appear as less risky environments within which FSPs can initially approach the refugee market*.

Despite the very limited access to formal financial services, *most refugees intensively rely on informal services, pointing to a situation of actual need*. The availability of funds from informal sources is limited and the call for formal business loans is great. While the practice of borrowing is common (and more so in Amman than in Zaatari), *levels of current debts are relatively manageable* for most households. One-fifth of refugee respondents also manage to save some money on a regular basis. Nevertheless, income levels are low and cash/money-for food assistance from international and Jordanian agencies and NGOs is an important source of income for a good – albeit minority – share of the refugee population. Cash/aid disbursements and other support efforts are perhaps the primary - but not sufficient - sources of formal financial and non-financial services for refugees. The *important role that agencies and NGOs play* for some refugee households *can be leveraged to bridge refugees to formal financial actors/channels*. Finally, while proximity and generally mutually supporting relationships between the refugee (especially Syrian) and Jordanian communities assist in avoiding the creation of tensions, conflicts could be triggered by targeted refugee interventions that risk exacerbating a sense of competitiveness between refugees and low-income Jordanians (especially considering the country’s difficult economic situation), *FSPs should not create exclusive ‘refugee’ products, but rather seek to adapt already existing product features, methodologies, and processes*.

Recommendations. A sound approach to the financial inclusion of refugees should seek to support the connection with and the coordination among the different actors and initiatives involved within the three economic spheres or dimensions of the financial inclusion ‘value chain’; namely: (i) the endogenous economy; (ii) the assistance/handout (non-market or redistributive) economy; and (iii) the exogenous (market) economy. The *adoption of a holistic and coordinated approach* is crucial in order to meet the complex set of livelihoods needs of refugees (and low-income Jordanians) - and hence pave the way for the building of assets and economic autonomy - through the *provision of a set of different and complementary financial and non-financial services*. While *‘credit-ready’ refugees* (namely those with an already existing profitable business activity) *should be given immediate attention by FSPs, those who are not should be supported through savings measures* (and possibly also through the access to other services such as remittances). The building of savings should be *complemented by the provision of non-financial services, especially financial education*, which is crucial for promoting a solid savings and financial culture, improving financial capabilities, and gaining client trust. Within this framework, *humanitarian and*

development agencies and international and national NGOs have an essential role to play (especially during the preparatory phase) in assisting FSPs in identifying, reaching out to, training, and accompanying potential clients. I.e. the assistance/handout (non-market or redistributive) economy can serve as an effective link between the endogenous economy (at the refugee/community level) and the exogenous economy (at the market level).

To these ends, the Consultant proposes the promotion of a holistic framework **involving a multitude of actors at various levels**, including not only FSPs at the micro level, but also support structures at the meso level, policy and regulatory bodies at the macro/national level, and donor agencies and organizations at the global level. In particular, the Consultant recommends the adoption of a **step-by-step process of trust building, strengthening of financial capabilities and assets, and access to financial services (namely credit)**. This involves the provision of an asset building program (which could take the form of a compulsory savings plan) coupled with a financial education and business support program promoted by international and national agencies and NGOs within assistance/handout (non-market or redistributive) economy, possibly with the support also of informal social intermediaries (such as savings groups and community leaders) within the endogenous economy. Program beneficiaries would eventually be ‘accompanied’ towards accessing credit from FSPs in support of developed business plans.

The **involvement of actors at various levels would – alongside the provision of technical assistance - effectively serve as a risk sharing mechanism towards encouraging the engagement of FSPs**. On part of the FSPs, serving refugees should not, and need not, involve the development of specific ‘refugee’ products. In order to prevent potential sources of conflicts with host communities, but also to ensure economies of scale by enlarging the potential market, it is rather advisable to **focus on adapting existing product features, methodologies, and processes** (such as eligibility criteria and KYC procedures as well as assessment criteria for credit clients) **and on ensuring a solid link between financial and non-financial services**. It is generally also recommended to adopt a prudential approach of **progression from group to individual lending**. The proposed holistic framework should ideally also include **advocacy initiatives** to support intended efforts within the financial sector as outlined by the NFIS as well as an accompanying **monitoring system**.

1 Introduction

The Swedish International Development Cooperation Agency (Sida) and the United Nations High Commissioner for Refugees (UNHCR) have developed a joint program to facilitate access to credit for income-generating activities and consumption for the refugee population and their host communities in Jordan and Uganda.² The aim of the program is to assist refugees in transitioning beyond reliance on economic assistance programs, help them and their hosts cope with shocks, reduce exposure to risk and stimulate economic activity at community levels. The two agencies selected the Grameen Crédit Agricole Foundation (GCAF) as a partner for the initiative, which will be providing debt funding to selected financial service providers (FSPs) in the targeted countries and manage a technical assistance facility.

As a first step in the set-up of the technical assistance facility, the three organizations decided to undertake a country assessment (hereinafter the ‘assessment’ or the ‘assignment’) in Jordan and Uganda through Microfinanza (hereinafter the ‘Consultant’), in order to assess refugees’ demand for and access to financial and non-financial services as well as the challenges and opportunities they face.

This report presents the findings from the demand assessment in Jordan and is structured around six categories of analysis, namely: human capital; social capital; professional capital; economic/financial capital; future aspirations, challenges and opportunities; and access to financial and non-financial services. It also provides background in terms of relevant contextual aspects and concludes with recommendations towards addressing refugees’ needs for financial and non-financial services.

² The 1951 UN Convention Relating to the Status of Refugees (hereinafter the ‘1951 Refugee Convention’) defines a ‘refugee’ as a person who “owing to well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country; or who, not having a nationality and being outside the country of his former habitual residence as a result of such events, is unable or, owing to such fear, is unwilling to return to it” (<http://www.unhcr.org/3b66c2aa10>). More generally, the UNHCR describes a refugee “as someone who has been forced to flee his or her country because of persecution, war, or violence” (<https://www.unrefugees.org/refugee-facts/what-is-a-refugee/>).

2 Methodology

Data Collection. The assessment is based on both original data collection and the documentary review of secondary sources. The collection of primary information and feedback involved **direct consultations with a total of 117 refugees** (48% women and including 108 Syrians, 4 Iraqis, 3 Yemenis, and 2 Sudanese) in the capital Amman (49%) and the Zaatari ‘camp’ or settlement in the Mafraq governorate (51%). Refugee consultations included:

- **Focus group discussions (FGDs) with refugees** to solicit feedback on the need and preference for financial and non-financial services, strategies to access needed services, business/employment challenges and opportunities. The assessment involved the organization of four FGDs (two with female participants and two with male participants) with a total of 58 Syrian refugees in Amman and Zaatari. 76% of the FGD participants were also interviewed on an individual/household basis. The FGDs were structured around a series of guideline topics and questions (attached in Annex 2).
- **Structured interviews with individual refugees / refugee households** to collect more targeted information on the social and economic capital, household finances, level of indebtedness, etc.³ A total of 93 refugees were interviewed in Amman (including all non-Syrian refugees) and Zaatari. Among the individual respondents, 47% also participated in one of the four FGDs. The individual interviews were based on a standard questionnaire (see Annex 2).
- **Structured interviews with refugee entrepreneurs/businesses** to collect information on the main organizational, strategic, economic, and financial aspects. A total of 10 interviews were held with existing Syrian enterprises (including 3 women-owned) in various sectors of activity in Amman (4 enterprises, including 1 formally registered business) and Zaatari (6 enterprises, all informal). An additional 2 interviews were carried out with potential entrepreneurs (both identified among the individual/household interviewees) with clearly defined business ideas and projections, but who had not yet started actual activities due to lack of capital. The collection of information during the enterprise interviews was also based on a standard questionnaire (attached in Annex 3).⁴

Table 1. Consulted refugees

Overall	Amman	Zaatari	Overall, women	Amman, women	Zaatari, women
FGDs (# who did not participate in individual/household interviews)					
58 (14)	33 (2)	25 (12)	28 (9)	16 (1)	12 (8)
Individual/household interviews (# who did not participate in FGDs)					
93 (49)	51 (20)	42 (29)	44 (25)	28 (13)	16 (12)
Enterprise interviews (# who did not participate in individual/household interviews)					
12 (10)	5 (4)	7 (6)	3 (3)	3 (3)	0
Total number of consulted refugees*					
117	57	60	56	32	24

* Namely the number of ‘unique’ respondents (i.e. respondents participating in both individual/household interviews and FGDs or enterprise interviews have only been counted once).

The original information collection also involved **interviews with FSPs** (at micro level) **and other relevant stakeholders** (at global, macro, and meso level) to discuss the challenges and opportunities with regard to the financial inclusion of refugees as well as refugee employment and income-generating activities. During the course of the assignment, the Consultant met with (or talked to – a couple of interviews were carried

³ The FGDs and individual/household interviews are to be considered complementary, as the latter sought to solicit more personal information (such as the level of income, indebtedness, etc.) that is not readily shared with others within the context of FGDs.

⁴ While the complete enterprise interview questionnaire is quite detailed, the interviews primarily relied on the collection of summary data (i.e. overall amounts of start-up capital, revenues, etc.) in order to understand the ‘bigger picture’ of the business activity (rather than the individual product/service streams, etc.).

out by telephone/Skype) a total of 24 individuals from 13 entities (the complete list of interviewed stakeholders is attached in Annex 4).

Finally, in addition to original data collection, the assessment also relies on the ***desk review of secondary sources***, including: (i) UNHCR reports and documentation on refugee number, livelihoods, assistance, etc.; (ii) relevant assessments, studies and publications of other donors and international organizations as well as national institutions; (iii) macroeconomic and financial sector data; and (iv) pertinent policies, strategies and regulations at country level. See also Annex 5 for a complete list of references.

Limitations. Firstly, it is important to note that the data and information collected through the interviews (and FGDs) with such a limited number of refugees are not meant to provide statistically significant results. Furthermore, due to the lack of comprehensive socio-economic data for the whole refugee population, it was not possible to randomly select a representative sample. For the organization of the interviews (and FGDs), the Consultant relied on the precious support from national and international non-governmental organizations (NGOs) providing various types of assistance to refugees. Since more economically/financially autonomous refugees are commonly less likely to seek assistance, it is probable that the respondents include an over-representation of the more assisted/vulnerable refugees. In fact, while refugees assisted with cash and/or money-for-food represent 37% of the entire refugee population at national level, 85% of the 93 households interviewed within this assignment report received cash and/or money-for-food assistance (see also Section 5.4 below). Consequently, ***findings from the interviews (and FGDs) cannot be translated onto the whole refugee population***. Nevertheless, with a total of 117 refugees consulted, the interview (and FGD) outcomes seem to at least point to some relevant issues related to refugees' need for financial and non-financial services as well as the challenges they face.

Secondly, ***information related to the economic/financial situation of private individuals/households or enterprises are highly sensitive and not always easily, or honestly, shared***. Even if specific figures were solicited on a one-on-one basis through the interviews, some respondents might not want to disclose the amount of income, savings, debt, etc. Unwillingness to share such information might not only be linked to respect for one's own privacy, but also depend on someone's belief that declaring 'too much' might lead to reduced assistance (and/or, in the case of remittances, that their money might be traced and they might face legal consequences). This is a methodological limitation that hampers the reliability of data not only for this assessment, but also for other similar studies.⁵

⁵ As also pointed out by IOM, *Remittance transfers amongst Syrian refugees in Jordan, May 2017*.

3 Conceptual Framework

In 2017, UNHCR and the Social Performance TaskForce (SPTF) compiled a set of guidelines for FSPs intending to serve refugees with financial services. As presented in Table 2 below, these guidelines define the variety of needs for financial services of refugees according to their **phase of displacement**⁶.

Table 2. Refugee displacement phases and financial services needs

Phase of displacement	Indicative needs for financial services
Phase 1 - Arrival	Survival cash for food, housing, and medical services as well as repayment of debt incurred during escape.
Phase 2 – Initial displacement	Savings products, remittances, microcredit for consumption, health insurance.
Phase 3 – Stable/protracted displacement	Savings products, microcredit for consumption and business, mortgage/home improvement loans, transactional accounts for cross-border payments, remittances, health insurance.
Phase 4 - Permanence	Savings products, microcredit for consumption and business, pension plans, insurance products. If return/resettlement is the ultimate goal: savings for journey, transferrable credit history, transferable pension schemes.

Source: UNHCR and SPTF (Hansen, Lene), *Serving Refugee Populations: The Next Financial Inclusion Frontier – Guidelines for Financial Service Providers*, March 2017.

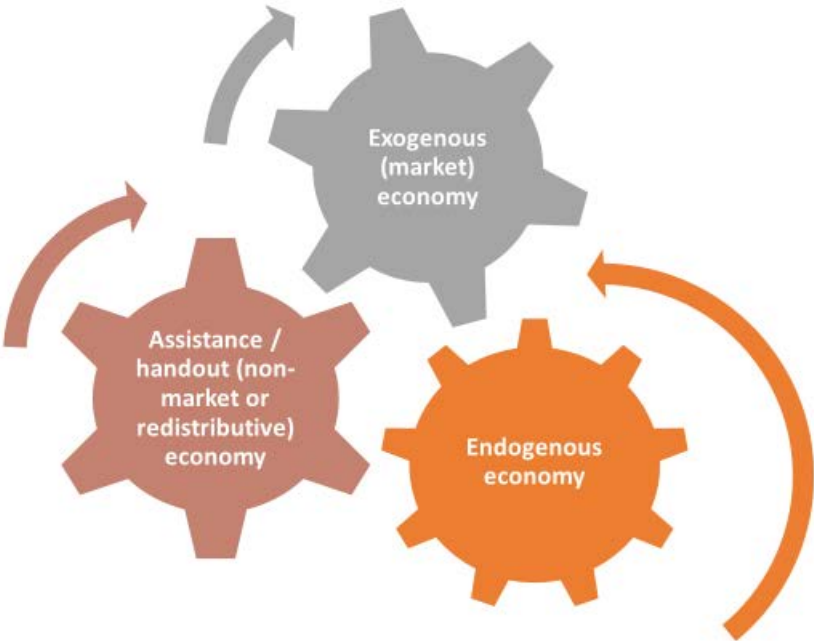
When assessing the profiles of refugees and seeking to understand their specific financial needs, it is important to consider their **past and present experiences as well as** their **future aspirations**. This approach mirrors the same process that a sound creditworthiness assessment should follow when analyzing any credit request, i.e. the recovery – to the extent possible – of information on the personal history (past) of the applicant, her/his present capital, and proposed initiative (future aspirations). Furthermore, refugees – as any human being – have different needs and aspirations, which should be addressed through a holistic approach able to provide diverse financial and non-financial solutions. The paths to economic independence vary and hence also the needs and preferences for financial and non-financial services.

Finally, interactions and relations within and beyond a community, especially in marginalized contexts and among vulnerable groups of people, can be considered from the point of view of three different economic ‘spheres’ or ‘dimensions’ that coexist and overlap; namely: (i) the **endogenous economy** at the refugee community (or group) level; (ii) the **assistance/handout (non-market or redistributive) economy** at the level of donors, agencies and NGOs assisting and supporting refugees; and (iii) the **exogenous (market) economy** at the market level, which includes interactions with actors (such as FSPs, but also suppliers, etc.) governed by the workings of the market. In this regard, the assistance economy, through the provision of various support services (such as training and cash-based interventions), could play a key role in facilitating the connection between the endogenous economy at the community (or group) level and the exogenous economy at the market level. If adequately adapted, assistance interventions could for example support refugees in becoming potential ‘credit-ready’ microfinance clients.⁷

⁶ Another study identifies three phases in which refugees integrate themselves into their economic surroundings – namely survival, settlement, and success. See Kim Wilson, *The Fletcher School, Tufts University Roxani Krystalli, Feinstein International Center, Tufts University, Financial Inclusion in Refugee Economies*, 2018.

⁷ These considerations are inspired by the works of Karl Polanyi (and subsequent studies in economic anthropology) as well as by the Consultant’s experience with refugees in other countries. On economic systems of redistribution, please refer to Polanyi, K., *The great transformation*, 1944. On enclave economies see Sanders, J.M., Nee, V. (1987) *Limits of ethnic solidarity in the enclave economy*, *American Sociological Review*, 52, 745-773.

Exhibit 1. Economic spheres or dimensions



4 Contextual Framework

4.1 Macroeconomic Context

Jordan, a country with a population of around 10 million people, is classified as a ‘lower-middle-income’ country by the World Bank and as a ‘high human development’ country by the United Nations Development Programme (UNDP). Over the past years, its economy has experienced slightly positive but sluggish growth rates. Consequences of the wars in its neighboring countries Syria and Iraq can be seen in the closing of borders and subsequent collapse of trade, decline in tourism activity, and increase in military expenditures. In general, Jordan’s small **economy is struggling** with absorbing the effects of the Syria crisis, suffering from rising unemployment and high government debt. Jordanians living below the national poverty line are estimated at 13.3%⁸ and even though the poverty headcount ratio is on the decline, the World Bank estimates that 19% of the population generally classified as non-poor based on the annual poverty line actually experience the so-called transient poverty (i.e. living in poverty for one quarter of the year).⁹ Current tax reforms (as well as recent price increases) have prompted a series of anti-austerity protests and demonstrations.

Table 3. Key macroeconomic and demographic data: 2013-2017

Key macroeconomic data	2013	2014	2015	2016	2017
GDP growth (annual %)*	2.8	3.1	2.4	2.0	n/a
GNI per capita, Atlas method (thousand, current US\$)*	3,790	3,870	3,890	3,920	n/a
Human Development Index (value)**	0.737	0.741	0.741	n/a	n/a
Unemployment (% of total labor force)*	12.6	11.9	13.1	15.3	14.9
Inflation, consumer price index (2010=100)*	114.1	117.4	116.4	115.5	119.3

Sources: *World Bank, *World Development Indicators*; **UNDP, *Human Development Index*.

GDP primarily derives from services (67%) and industry (29%), with agriculture contributing only with a small share (4%)¹⁰. The **informal economy** is estimated to represent 44% of total employment and 15% of GDP.¹¹ Finally, in terms of **business environment**, even if ranked 103 out of 189 countries in 2018 by the World Bank Group’s Doing Business Index, Jordan has achieved a better position compared to other countries in the Middle East and North Africa (MENA) region.¹²

4.2 Refugee Context

Refugee Population.¹³ Jordan is the world’s sixth largest hosting country in absolute terms (i.e. when considering the total number of refugees) and the second largest in relative terms (i.e. when considering the number of refugees in relation to the number of inhabitants in the country).¹⁴ As of end May 2018, Jordan hosts a total of **751,275** (50% female) **registered refugees and asylum seekers** (hereinafter collectively referred to as ‘refugees’).¹⁵ The **great majority are Syrians**, who are followed by Iraqis as well

⁸Ministry of Planning and International Cooperation in Jordan, *The Jordanian National Policy Framework for Microfinance: Towards Inclusive Finance*, 2017.

⁹World Bank, *Jordan Economic Poverty*, 2013.

¹⁰CIA World Factbook.

¹¹ International Labour Organization (ILO), *A Challenging Market Becomes More Challenging: Jordanian Workers, Migrant Workers and Refugees in the Jordanian Labour Market*, 2017.

¹²World Bank, *Doing Business*.

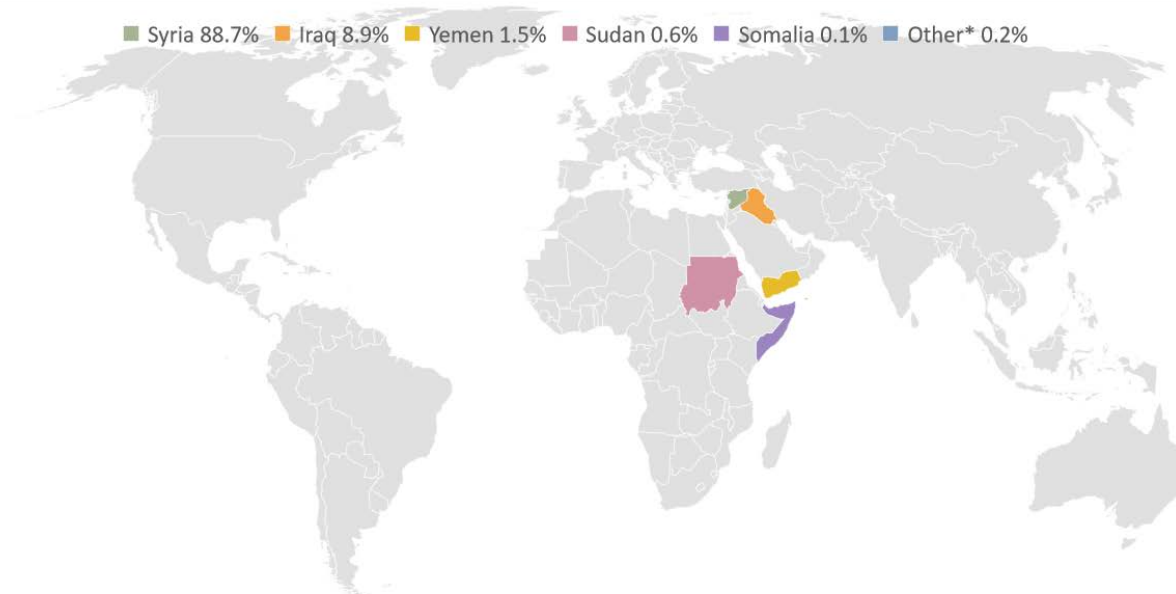
¹³ Unless otherwise indicated, numbers have been taken from UNHCR, *Registered Persons of Concern Refugees and Asylum Seekers in Jordan*, 31 May 2018.

¹⁴UNHCR, *Jordan Factsheet*, January 2017.

¹⁵ This figure does not include the more than 2 million Palestinian refugees registered under the mandate of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). Most of these, albeit not all, have gained full Jordanian citizenship.

as a more limited number of Yemenis, Sudanese and Somalis. **Just below half** (47%) of the refugee population **are of working age**, i.e. between 18 and 59 years (50% female).¹⁶ **Most** refugees (83%) **are self-settled**, i.e. living among the Jordanian population, primarily in urban areas in the governorates of Amman, Irbid, Mafraq and Zarqa. The remaining share (all Syrians) live in one of three ‘camps’ or settlements (which are closed, requiring permission for exit and re-entry), namely Zaatari (11%) in the Mafraq governorate as well as Azraq (5%) and Emirati Jordanian (1%) in the Zarqa governorate.¹⁷

Exhibit 2. Countries of origin



* Other countries of origin include Libya, Lebanon, Ethiopia, etc.

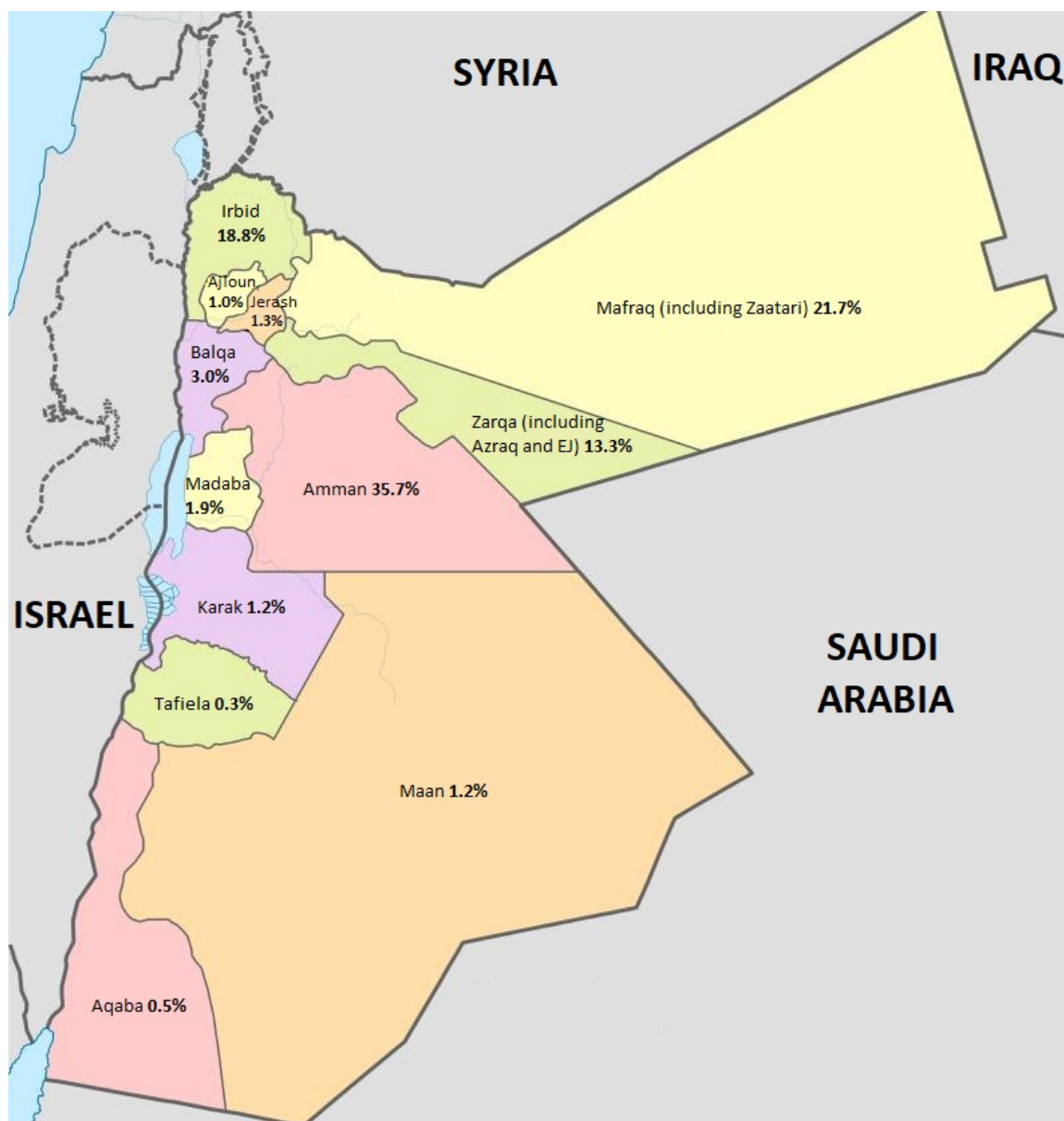
Source: UNHCR, *Registered Persons of Concern Refugees and Asylum Seekers in Jordan*, 31 May 2018.

¹⁶ However, the labor participation pool (i.e. including only those of working age who are able and willing to work) is smaller; in 2016, the number of working-age refugees able and willing to work was estimated at 163,050 (or 55.9% of the working-age refugee population at the time). *West Asia-North Africa (WANA) Institute, Unpacking (and Re-packing) the Refugees Compact Experiment: Lessons from Jordan Two Years on, February 2018.*

¹⁷ It should be noted that the actual number of refugees in the country is higher than the number of those registered. In fact, according to the *Jordan Response Plan for the Syria Crisis: 2018-2020*, the total number of Syrian refugees in Jordan is estimated at around 1.3 million (i.e. around double the number of those registered). While the overall number might be over-estimated (one interviewed macro-level stakeholder said that 84% of all Syrian refugees are registered), reasons for not registering include also not wanting to be officially classified as a refugee – some Syrian refugees still go back and forth between Jordan and Syria, while others hope to return one day and do not want the current regime (which they believe will remain) to know that they left the country. In order to encourage registration, UNHCR launched a ‘ratification of status’ exercise at the beginning of 2018, effectively offering amnesty to those without documentation. However, registrations did not see an unusual increase, but have remained regular at more or less the same monthly levels since late 2016.

Exhibit 3. Location (Governorate)

Ajloun 1.0%	Amman 35.7%	Aqaba 0.5%	Balqa 3.0%
Irbid 18.8%	Jerash 1.3%	Karak 1.2%	Maan 1.2%
Madaba 1.9%	Mafraq (including Zaatari) 21.7%	Tafiela 0.3%	Zarqa (including Azraq and EJ) 13.3%
Other 0.2%			



Source: UNHCR, *Registered Persons of Concern Refugees and Asylum Seekers in Jordan*, 31 March 2018.

Policy and Regulatory Framework. Since Jordan is not a signatory to the 1951 Refugee Convention, UNHCR and the Government of Jordan signed a Memorandum of Understanding (MoU) in 1998 to establish a framework of cooperation regarding refugees (and asylum seekers).¹⁸ Since the onset of the Syria crisis, the country's strategic response has been outlined in form of the *Jordan Response Plan (JRP)*. The plan (initially renewed on an annual basis) is anchored in the national development plans and seeks to guide

¹⁸ Through this MoU, Jordan has accepted the 1951 Refugee Convention's definition of a 'refugee' and the principle of non-refoulement (i.e. refugees shall not be returned to a country where they face serious threats to their lives or freedom), and has agreed to the treatment of refugees in line with internationally accepted standards.

interventions in support of Syrian refugees and host communities alike. The JRP for the 2018-2020 period¹⁹ has adopted a resilience-based approach and seeks to bridge the gap between addressing more immediate emergency assistance needs and longer-term institutional and systemic weaknesses. It is structured around vulnerability assessments and response plans for 12 different sectors, including livelihoods. In particular, and as summarized in Annex 6, the current JRP specifies a number of objectives and resolutions for the livelihoods sector, including the promotion of access to financial and non-financial services (RES3.2).

The 2018-2020 JRP incorporates the country's endorsement of the so called '*Jordan Compact*'.²⁰ In February 2016, the international community hosted a conference calling for further resources and assistance towards addressing the short-term as well as long-term needs of the countries and people affected by the Syria crisis. The conclusions and pledges of this conference were approved through three separate agreements ('compacts') between the donor community and Jordan, Lebanon and Turkey. In its agreement, Jordan made a series of commitments in exchange for grants and concessionary loans in support of the JRP as well as the broader national development agenda, easier access to EU markets (through relaxed rules of origin)²¹ and increased international investments in support of the Jordanian economy. More specifically, the Jordan Compact targets the provision of 200,000 job opportunities for Syrian refugees. To this end, the Jordanian government committed to making exceptions to its standard procedures and regulations in support of formal employment as well as self-employment (i.e. business start-ups and already existing businesses) on part of Syrian refugees.

With regard to employment, ***foreigners (including Syrian refugees) are not allowed to practice a good number of professions*** (please see Box 1 on the following page for the complete list of 'closed professions'). Most occupations that are open to non-Jordanians are of unskilled, semi-skilled or technical nature and concentrated in a handful of sectors, namely agriculture, construction, manufacturing, and some services.²² In order to support the employment of Syrian refugees ***within the 'open' sectors/professions, a number of measures have been taken to facilitate the work permit procedures***, including: (i) accepting the Ministry of Interior (MoI) service card (see further Box 2 in Section 4.3 below) as a valid means of identification instead of a passport; (ii) granting non-employer specific permits in agriculture (where agricultural cooperatives act as sponsors instead of specific employers) and construction (these permits also no longer require the recognition of prior learning certificates), allowing refugees to more freely choose and move from one employer to another; (iii) temporarily waiving the work permit fee (only a JOD 10 document processing fee remains for work permits in the more flexible 'freelance' sectors of agriculture and construction);²³ and (iv) allowing for a limited amount of work permits with a duration of less than six months (work permits are

¹⁹Jordan Response Plan for the Syria Crisis: 2018-2020.

²⁰The Jordan Compact: A New Holistic Approach between the Hashemite Kingdom of Jordan and the International Community to deal with the Syrian Refugee Crisis, 4 February 2016.

²¹ Relaxed rules of origin for facilitated access to EU markets are to be applied to those companies that manufacture products (within 50 product lines) in any of 18 designated economic zones and industrial areas and employ at least 15% refugees in the second year (i.e. 2017) and 25% in the third year (i.e. 2018). Once the overall target of 200,000 job opportunities has been reached, the agreement is to be extended to products produced outside the economic zones / industrial areas as well. As of March 2018, only three companies (out of the 11 that meet the eligibility criteria) access the EU market under the relaxed rules of origin. These include two food packaging companies (one Syrian-owned and one Jordanian-Syrian partnership – both traded with the EU before) and one textile company (Jordanian owner with Indian investor – did not trade with the EU before). MoPIC interview March 2018. Furthermore, while the relaxed rules of origin are intended to favor employment within the manufacturing sector, the number of Syrian refugees working in the sector remains low. A draft version of an upcoming ILO report (*A Way Forward: Export and Employment Generation Potential of the EU-Jordan Trade Agreement*) reveals that 84% of a sample of 371 factories (out of the 936 eligible to export to the EU) do not employ any Syrian workers (and the remaining 16% employ a total of 504 Syrians).

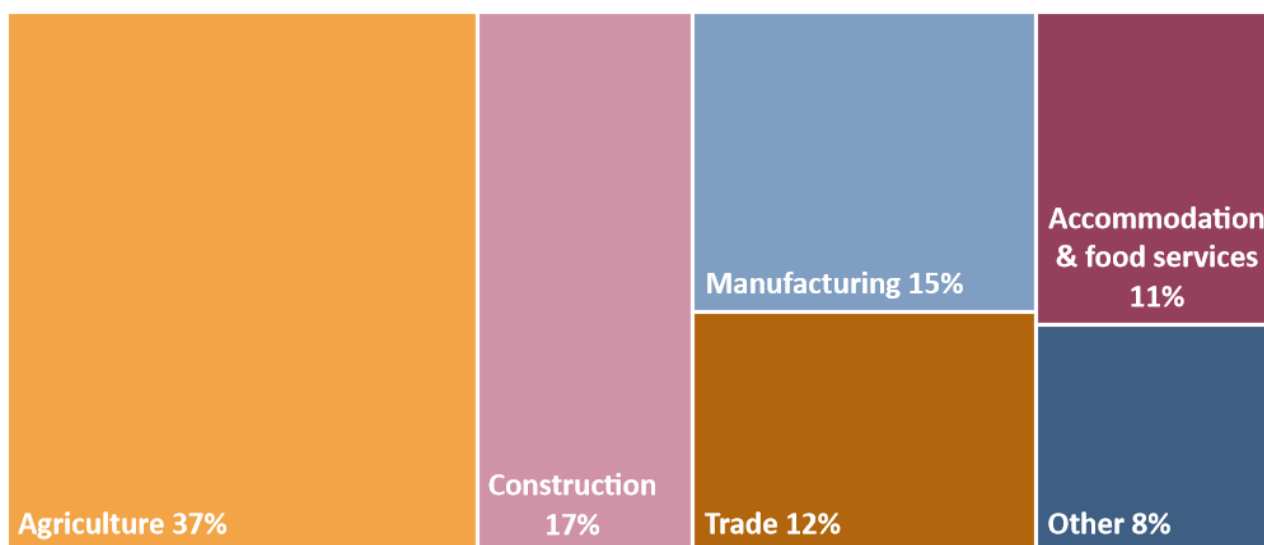
²² Except for certain areas (such as textile manufacturing and accommodation and food services), professions in these sectors are mostly male.

²³ The construction work permits also require a JOD 47 insurance fee.

otherwise issued for one year, with the possibility of renewal)²⁴. It should be noted that these ‘benefits’ apply only to Syrian refugees (refugees from other countries still have to abide by the standard, more restrictive, procedures).

Thanks to these measures, a total of **98,792 work permits to Syrian refugees have been issued** (only 4.0% of which to women) as of mid April 2018.²⁵ Most permits (almost two fifths) are in agriculture, followed by more or less equal shares in construction, manufacturing, trade, accommodation & food services. However, since the work permits are valid only for one year, the number of issued permits also includes renewals of already granted permits (in 2017, 56.6% of the issued permits were in fact renewed permits).²⁶ The number of individual formal job opportunities created is hence less than the number of permits issued.

Exhibit 4. Work permits issued by sector (as of April 2018)



Source: Ministry of Labor, Work Permit Figures, 19 April 2018.

Box 1. Closed Professions for Non-Jordanian Workers

As published by the Ministry of Labor (MoL) in October 2016, the current list of the professions that non-Jordanian workers are not allowed to practice includes the following 18 categories: 1) administrative and accounting jobs; 2) clerical work (including typing and secretarial tasks); 3) switchboard, telephone and connections jobs; 4) warehouse work; 5) sales (wholesale and retail); 6) decoration work; 7) fuel sales; 8) electricity professions; 9) mechanical and car repair jobs; 10) drivers; 11) guards and servants; 12) medical professions (unless specifically requested and authorized by relevant ministries/departments); 13) engineering jobs (unless specifically requested and authorized by relevant ministries/departments); 14) haircutting and hairdressing (albeit exceptions can be considered after consultation with MoL/Mol); 15) teaching (albeit exceptions can be considered after consultation with the Civil Service Bureau); 16) loading and unloading at fruit and vegetable markets (except the Central Fruit and Vegetable Market); 17) loading and unloading at malls and supermarkets; and 18) cleaners at private schools and hotels.

With regard to self-employment (i.e. the creation or development of own businesses), **a 2016 regulatory change removed the minimum share capital requirement** of JOD 50,000 (~USD 70,000) for all non-Jordanian investors (i.e. not only Syrians), thereby encouraging the creation of micro and small businesses. The new regulation²⁷ also states that a “non-Jordanian investor may own any project in any economic

²⁴ILO, *Work Permits and Employment of Syrian Refugees in Jordan: Towards Formalising the Work of Syrian Refugees*, 2017.

²⁵Ministry of Labor, *Work Permit Figures*, 19 April 2018.

²⁶Interview with MoPIC, March 2018.

²⁷Regulation of Non-Jordanian Investments No.77 of 2016.

*activity in whole or in any part thereof or contribute to it in any proportion” (art.3). However, also in this regard, the **types of economic activities in which non-Jordanian investors can engage – in whole or in part – are limited**. For example, the regulation (art.6) bans non-Jordanian investments in the production of material for construction purposes, security and guarding services, and crafts and handicrafts (see Annex 7 for a full list of restricted activities and types of partnerships).*

Furthermore, while the general regulatory framework for **home-based businesses** (HBBs) is currently under review in an effort to support business formalization, recent indications do not bode well for refugees. In February 2018, the Cabinet approved the principles for HBBs and business grants as earlier set out by the Prime Minister. In particular, the decision specifies that **Syrian refugees are not allowed to engage** in HBBs outside the settlements. This provision clearly restricts opportunities for income-generating activities for the refugee population, especially women. Within the settlements, HBBs as well as other small or medium businesses are permitted if the marketing and sales of products and services are limited to the settlements. Furthermore, the provision of grants by international and national agencies and NGOs for the establishment of HBBs and SMEs within the settlements is restricted to a maximum total value of USD 10 million in 2018. Finally, outside the settlements, 70% of business grants should support Jordanian businesses, while the remaining 30% can, subject to the approval of relevant authorities, support Syrian-Jordanian partnerships (and in the case of these business ventures, Jordanian partner/s should have at least a 50% share). It should be noted that these restrictions refer only to grants provided by international and national agencies and NGOs and not to credit/loans offered by FSPs.

In conclusion, while some enabling steps have been taken, the **general regulatory framework still imposes fairly strict conditions**, limiting the opportunities for formal employment and self-employment on part of refugees (particularly non-Syrians) in a good number of professions and sectors. Working refugees (as well as other non-Jordanians) are consequently commonly engaged in informal activities.²⁸ However, as noted by a recent report on the Jordanian labor market,²⁹ informal employment is not only limited to the closed sectors/professions, but also involves the open sectors of agriculture, construction and manufacturing (as well as food/catering services). More generally, the overall results to date of the Jordan Compact can be considered somewhat limited. While an assessment of the reasons for slow progress (even if visible results commonly need time to appear) is beyond the scope of this report, they are likely to be found both on the supply and the demand side as well as influenced by the difficult macroeconomic situations and political considerations of both parties to the agreement.³⁰

4.3 Financial Inclusion Overview

Level of Financial Inclusion. Between 2014 and 2017, Jordan records a **general improvement in the level of financial inclusion**. In 2017, one third of adults had an account with a financial institution. These accounts are mostly bank accounts, but also include a small share of mobile wallet accounts (0.9% - see also Box 3 below) and Postal Savings Fund accounts (1.1%). While the rate of savings with a financial institution has also increased, formal borrowing has decreased. Formal financial access has generally improved also for the lower-income population³¹ as well as women (even if lower than in 2014, the female borrowing rate was

²⁸ For example, when considering the sectors of construction, wholesale and trade, manufacturing and food/other services, only 28% of refugees who are working are in possession of a work permit. ILO, *Work Permits and Employment of Syrian Refugees in Jordan*, 2017.

²⁹ ILO, *A Challenging Market Becomes More Challenging: Jordanian Workers, Migrant Workers and Refugees in the Jordanian Labour Market*, 2017.

³⁰ The interested reader can consult West Asia-North Africa (WANA) Institute, *Unpacking (and Re-packing) the Refugees Compact Experiment: Lessons from Jordan Two Years on, February 2018*.

³¹ Defined as the bottom 40% of the population in income terms.

actually higher than for men in 2017). However, except for remittances, the **formal financial inclusion of refugees is very low**.

Table 4. Financial inclusion

Indicator	2014	2017
Account with financial institution (% age 15+)	24.6	33.1
Account with financial institution, women (% age 15+)	15.5	27.2
Account with financial institution, lower income (% age 15+)	16.3	19.3
Account with financial institution, refugees (% age 15+)	n/a	7.5
Borrowed from a financial institution (% age 15+)	13.6	9.9
Borrowed from a financial institution, women (% age 15+)	13.6	12.1
Borrowed from a financial institution, lower income (% age 15+)	10.8	5.6
Borrowed from a financial institution, refugees (% age 15+)	n/a	1.5
Saved at a financial institution (% age 15+)	3.8	9.3
Saved at a financial institution, women (% age 15+)	2.5	8.1
Saved at a financial institution, lower income (% age 15+)	1.8	4.4
Saved at a financial institution, refugees (% age 15+)	n/a	2.3
Made or received digital payments (% age 15+)	n/a	18.3
Made or received digital payments, women (% age 15+)	n/a	13.2
Made or received digital payments, lower income (% age 15+)	n/a	10.6
Made or received digital payments, refugees (% age 15+)	n/a	8.4
Use formal remittances (% age 15+)	n/a	19.9
Use formal remittances, lower income (% age 15+)	n/a	17.8
Use formal remittances, refugees (% age 15+)	n/a	24.0

Source: 2014 - World Bank, *Global Findex*; 2017 – Central Bank of Jordan (CBJ) and GIZ, *Financial Inclusion – Diagnostic Study in Jordan 2017, Synthesis Report*; and CBJ, *The National Financial Inclusion Strategy 2018-2020*.

Policy and Regulatory Framework.³² Jordan's **National Financial Inclusion Strategy (NFIS)** for the 2018-2020 period is structured around three core industry pillars, namely (i) microfinance, (ii) digital financial services (DFS), and (iii) small and medium-sized enterprise (SME) finance. These pillars are supported by the following four cross-cutting areas (or 'enablers'): (i) financial technology (FinTech); (ii) financial consumer protection and financial capabilities; (iii) data and research; and (iv) laws, regulations, and instructions. The two high-level goals of the strategy are to (i) increase the level of financial inclusion (defined as ownership of account with financial institution) from 33.1% in 2017 to 41.5% by 2020 and (ii) reduce the gender gap (also in terms of account ownership) from 53% to 35% over the same period of time. With regard to the former goal, refugee account ownership is targeted to increase from 7.5% in 2017 to 9.2% 2020.³³

Refugees are specifically targeted as one of the four priority segments (along with households, women, and youth) and greater financial access on their part is recognized as contributing to "*enhancing their self-reliance and enabling them to contribute to economic activity*". In particular, the recently launched strategy seeks to promote the opening of accounts on part of refugees and the other three target groups as well as strengthen their financial capabilities. With regard to the former sub-goal and area, the strategy specifically stresses the importance of non-discrimination and clarification of know-your-customer (KYC) requirements aligned with the anti-money laundering (AML) / counter-terrorism financing (CTF) regime. In fact, one of

³² Information from Central Bank of Jordan, *The National Financial Inclusion Strategy 2018-2020*. Prior to the adoption of the NFIS, the National Policy Framework for Microfinance outlined the strategies and priorities for the sector.

³³ Other 2020 refugee-specific targets include: 1.8% borrowed from a financial institution; 3.0% saved at a financial institution; and 11% made or received digital payments.

the targets under this sub-goal is to, by mid 2019, clarify the KYC requirements in order to promote the opening on part of refugees of “simple” accounts with financial institutions (present requirements are summarized in Box 2 below).

Box 2. Current ID Requirements

Refugees are registered biometrically (IRIS scan) by UNHCR and with this registration (namely the ‘asylum seeker certification’) they can easily obtain a Mol service card.³⁴ This card, which has the same high security standards as the national Jordanian ID card, is necessary to access common public services (education, health care, etc.) as well as work permits. Furthermore, refugees **can open a mobile wallet account with the Mol service card, but**, like all foreigners, they **need a passport to open an account with a financial institution**. The opening of a ‘physical’ account requires either a national Jordanian ID, which refugees do not have, or a passport (it may also require proof of employment as well as a minimum deposit of JOD 200). However, even in cases where refugees are able to open an account, transactions on this account are often limited to cash-in and cash-out.

Within the NFIS, **focus is placed on mobile money accounts as the primary ‘point of entry’ for refugees** (“mobile wallets are a perfect tool for refugees as bank accounts are either not possible or too costly for them” – see also Box 3 below). In fact, one of the nine national targets under the 2016 Maya Declaration on part of the Central Bank of Jordan (CBJ) is to “provide refugees and non-nationals with access to digital financial services”. Furthermore, refugees are the main target group of a GIZ-funded initiative (Digi#ance) providing financial literacy training towards promoting access to digital cross-border remittances and other DFS (one of the targets of the DFS pillar is to allow for digital cross-border remittances by end 2018).

Box 3. Mobile Money

There are currently **five licensed payment service providers (PSPs) offering mobile money services** (three of these are in the final stages of launching their mobile money wallets, while two are about to launch these services). The PSPs are regulated directly by the CBJ and they are required to have a ‘mirror’ account covering 100% of the mobile money deposits. As of March 2018, there is a total of 1,300 agents (72% of which are active)³⁵ and 320,000 wallets (32% active).³⁶

Mobile money wallets can be used not only as transactional accounts, but also savings accounts. The relevant regulation is still being drafted, but the ceiling is expected to be set at JOD 5,000 for accumulated amount and JOD 1,000 per transaction. The proposed regulation allows for a series of transactions, including cash-ins (43% of transactions), cash-outs (4%), peer-to-peer transfers (42%), payments (including salary payments) and mobile POS (11%).³⁷ There are also plans to provide asset financing through mobile money accounts as well as link them to physical savings accounts.

In general Jordan is considered a unique environment with regard to DFS³⁸. The supporting regulatory framework as well as the infrastructure – including the interoperable platform Jordan Mobile Payments (JoMoPay) – provide potential for the rapid growth of mobile money. Some general challenges nevertheless remain, including gaining the trust of consumers (hence the focus on financial literacy and awareness campaigns) and making the payment system accessible also at the microenterprise level. Furthermore, with specific regard to refugees, cashing in and cashing out are relatively easy for self-settled refugees in urban areas, but due to the limited (or no) access to agents in settlements these transactions are more difficult for refugees living within settlements.

The **financial sector is regulated by CBJ**. In addition to banks and money exchange offices, as of 2015 (with

³⁴ As of end May 2018, a total of 426,262 Mol service cards has been issued to self-settled UNHCR registered Syrian refugees. This means that around four fifths of the total self-settled UNHCR registered Syrian refugee population have an Mol card. *UNHCR, Urban Verification Statistics in Jordan, May 2018*.

³⁵ One of these agents is the Post Office, which counts as only one agent but has 200 branches.

³⁶ There is no information on how many of these mobile wallet accounts belong to refugees.

³⁷ Information from interview with CBJ in March 2018.

³⁸ CGAP, DMA Global, GIZ, *Paving the Way for Digital Financial Services in Jordan: Market and regulatory assessment of payments and remittances, 2017*.

the adoption of the Microfinance Companies Regulation), CBJ is also responsible for licensing, controlling, and supervising the microfinance institutions (MFIs). The current regulation does not allow for deposit-taking MFIs. Finally, as mentioned in Box 3 above, CBJ also directly regulates the provision of DFS through payment service providers (PSPs).

Financial Institutions. The Jordanian financial sector is composed of **27 banks** (including 11 non-Jordanian banks) as well as a relatively limited microfinance sector of **8 MFIs** (including 4 not-for-profit companies, 3 for-profit companies, and 1 governmental agency). In addition, there are a number of specialized credit-granting institutions, serving the same target markets as MFIs. Among these, the Development and Employment Fund (DEF) and the Agricultural Credit Cooperation (ACC) provide direct financing in rural and agricultural areas and to start-ups above the normal size of microloans. Also, the Military Credit Fund (MCF) and the Postal Savings Fund (PSF) provide small loans with lower interest rates than MFIs, while the Ministry of Social Development (MoSD) finances income-generating projects of households falling outside the scope of the microfinance sector. With specific regard to refugees, while some banks do cater to refugee clients (as mentioned above, a small share of refugees are formally served), so far only one MFI, namely the Microfund for Women (MFW – see Box 4 below), is actively targeting the refugee population through the provision of credit.³⁹

The *microfinance sector is relatively young*, with the first operations starting in 1994. Since then, the microfinance market has registered a remarkable growth with a yearly average gross portfolio increase of 18% between 2012 and 2017⁴⁰ and a total portfolio of JOD 227 million at the end of 2017.⁴¹ Since CBJ has extended its supervisory mandate to the microfinance sector, MFIs are currently in the process of being licensed (as of April 2018, only 2 MFIs had been licensed).⁴² Apart from not being able to collect deposit, the main challenges of the industry include the lack of access to inexpensive local funding (even if international donors largely supply this shortage) and restrictions on the maximum size of microloans size,⁴³ which could hamper access to credit for those enterprises being too small for banks but too large for MFIs.

Support Structures. The Jordanian microfinance sector is represented by the Jordan Microfinance Network *Tanmeyah*, established in 2007. The mandate of Tanmeyah is primarily to develop the industry in a sustainable and inclusive manner and to provide technical assistance as well as advocacy and sensitization activities for the sector. Many MFIs also collaborate with international initiatives such as the Mix Market Micro Banking Bulletin and Sanabel Annual Market Survey, providing data in accordance to the principles of transparency and accountability. Several donors are committed to providing capacity building and financial support to the microfinance sector as well as evolving its regulatory framework. The World Bank/CGAP and GIZ work closely with the CBJ on systemic approaches (including to DFS rollout), whereas the USAID-funded LENS program, UNDP and a number of other investors and funders support individual FSP initiatives in the market. A private **credit bureau** (CRIF Jordan) started operations in 2016. To date, two MFIs have signed on with the credit bureau and others are expected to join.

³⁹ A couple of MFIs are seemingly also planning to serve the refugee population in the future having included refugees as a possible market segment in their strategic plans.

⁴⁰ Namely 21% annually between 2012 and 2015, 15% in 2016 and 10% in 2017.

⁴¹ *Tanmeyah, Members' performance report Q4 2017*.

⁴² Namely FINCA and Al Ahli Microfinance Company.

⁴³ Set as 0.2% of the MFI's total gross loan portfolio. *GIZ and CBJ, Financial Inclusion – Diagnostic Study in Jordan 2017, Synthesis Report, 2017*.

Box 4. APilot Microfinance Experience Serving Refugees in Jordan

Microfund for Women (MFW), established in 1996, is currently the only MFI serving Syrian refugees (with a focus on women) in Jordan. It started piloting the provision of credit to refugees in April 2016 and, as of May 2018, has reached around 4,000 borrowers. MFW primarily targets self-settled refugees, but has recently started working also with refugees living within the settlements, namely Azraq and Zaatari (easier authorization procedures for exit and re-entry permits have allowed clients to reach MFW branches).

Products and methodologies have been fine-tuned along the way and while they are still on a learning curve, progress has been made (*"In the beginning refugees didn't trust us, they had to gain confidence in the institution. It was a mutual path of gaining trust in each other. After two years we have built a stronger bond"*). Nevertheless, the financial products offered are the same for refugees and for Jordanians (*"There is kinship relationship between Jordanians and Syrians and Jordanians don't feel competition if the products are available for anyone and if the price is the same"*). Among loans products, group lending was the first and still is the principal product offered to refugees (personal groups guarantee, but no collateral). As of 2018, MFW has also started providing individual loans to a few carefully selected Syrian women for educational or business start-up purposes. In general, MFW is now shifting its attention to products for refugee-owned businesses following a shift in demand (*"In 2016, refugees needed mainly loans for setting up houses, rather than for setting up business activities, but their needs are now changing"*).

Financial performance is reported as good, with **risk levels observed for refugees no higher than those of other, Jordanian, clients**.⁴⁴ In fact, PAR>30 for the loan portfolio of Syrian borrowers is well below 1%. In managing the risk, the institution is considering reviewing its credit score system to more adequately account for the peculiarities of refugees' risk profiles.

Finally, MFW is looking beyond the mere provision of credit. The intent is to respond to a more complex set of financial needs of the most vulnerable. For example, it has designed, but not yet launched, a hybrid product combining a saving and insurance scheme towards assisting refugees (and low-income Jordanians) in building their assets. It also offers complementary non-financial services. With specific regard to refugees, the following three will be offered: (i) financial literacy; (ii) gender; and (iii) how to start a business.

⁴⁴ The performance of refugee clients is confirmed also by other experiences internationally. In 2016, the fundraising platform Kiva (www.kiva.org) launched the 'World Refugee Fund' to catalyze lending to refugees and internally displaced persons (IDPs). As of the first quarter of 2018, the repayment rate for a total of around 7,800 refugees and IDPs of 11 partner institutions in six countries (including MFW in Jordan) was at 96.6% (compared to 96.8% for non-refugee/IDP borrowers). *Kiva, World Refugee Fund: 2018 Impact Report*.

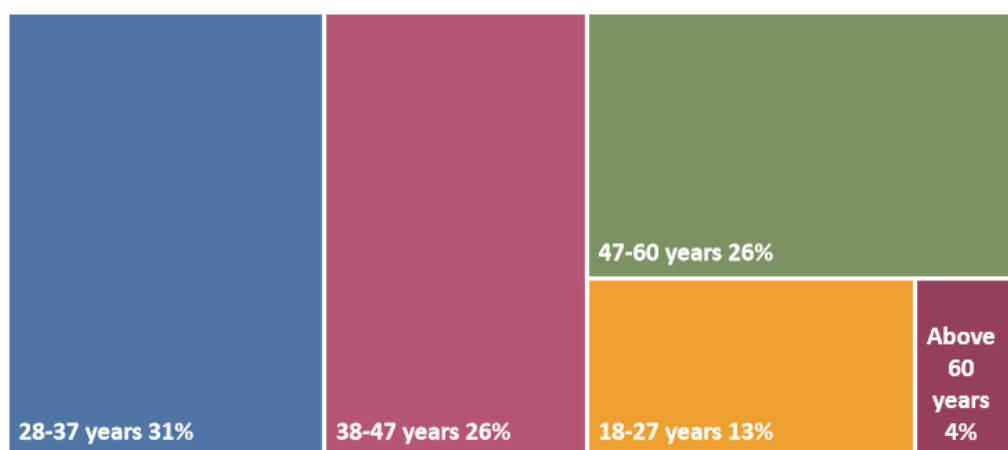
5 Demand Analysis

This demand analysis primarily relies on the collection of primary information and feedback through the interviews and FGDs with individual refugees / refugee households and refugee entrepreneurs/businesses. Where relevant, the findings from the original research are integrated with results from other assessments and studies. The section is structured around the following six categories of analysis: (i) human capital; (ii) social capital; (iii) professional capital; (iv) economic/financial capital; (v) future aspirations, challenges and opportunities; and (vi) access to financial and non-financial services.

5.1 Human Capital

Country of Origin, Gender and Age. As presented in Section 2 above, consultations with refugees involved **mostly Syrians**, who represent 90% of the 93 interviewees, but also Iraqis (4), Yemenis (3), and Sudanese (2). This representation is largely in line with the composition of the registered refugee population as a whole within Jordan (see Section 4.2 above). With **47% female** respondents, the gender balance of the interview sample is also roughly consistent with that of the total pool of registered refugees. Furthermore, almost all interviewed refugees are of **working age**, more or less equally distributed across the three middle-age categories.⁴⁵

Exhibit 5. Age distribution



n=93

Settlement and Time of Permanence. Consultations involved refugees (all Syrians) living in the **Zaatari settlement** in a rural area of the Mafraq governorate (45%) and self-settled urban refugees (including non-Syrians) in the **capital Amman** (55%). The great majority (86%) of the interviewed refugees have been in Jordan for more than 4 years, while an additional 11% have been in the country for more than 3 years (only 3% are more recently arrived non-Syrian refugees). This corresponds also to the situation at the national level, with the bulk of UNHCR registrations made in 2012 and 2013. Most refugees (at least the Syrians) in the country can hence be considered to live in a phase of **stable/protracted displacement** (see further Section 3 above).

House Composition and Dependency. In terms of **household size**, the average number of people living under the same roof among the sampled refugees is 5.6 (5.1 in Amman and 6.2 in Zaatari). This figure is broadly in line with the mean household size of 6 individuals resulting from a 2017 baseline demand-side

⁴⁵ The average age of participants in a recent baseline survey of 1,041 Syrian refugees is 36 years. GIZ, CGAP, Ipsos, Digittances Baseline Demand-Side Study: Syrian Refugees, March 2017.

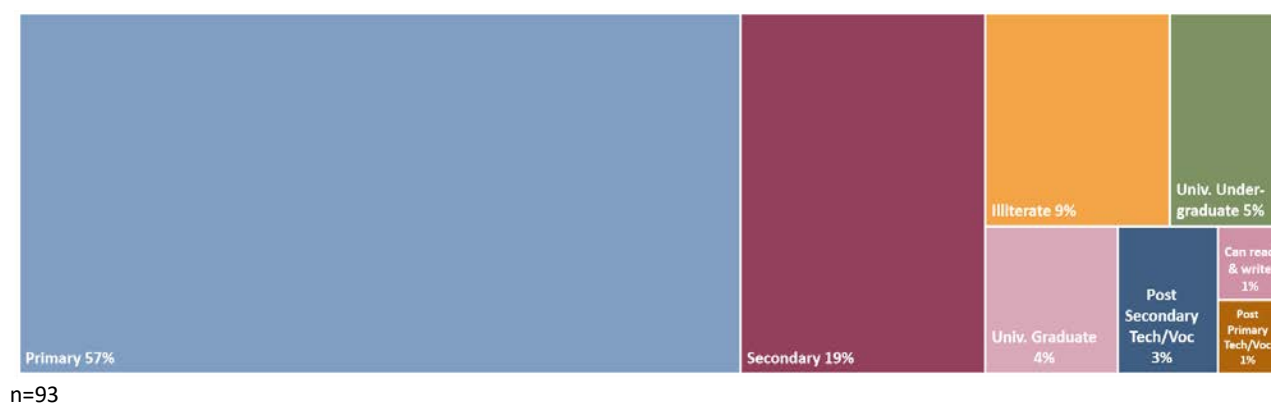
study on 1,041 Syrian refugees in Jordan carried out by the German development cooperation (GIZ), the Consultative Group to Assist the Poor (CGAP), and Ipsos (hereinafter the ‘baseline demand-side study’).⁴⁶ Furthermore, the **number of dependents** (i.e. individuals who do not have their own income) within the refugee households averages 5.0 (4.5 in Amman and 5.3 in Zaatari). Finally, the **level of economic/financial independency** (i.e. respondents who do not depend economically/financially on another person’s income) is generally lower in Amman (for both men and women) and for women (in both Amman and Zaatari).

Table5. Level of economic independency

Category	% of respondents who do not depend economically/financially on another person’s income within the household
Overall (n=93)	59%
Amman (n=51)	47%
Zaatari (n=42)	74%
Overall– women (n=44)	32%
Amman – women (n=16)	21%
Zaatari – women (n=28)	50%

Education. Most of the interviewed refugees have a **relatively modest educational background**. Almost three fifths of respondents have only completed primary school, while nearly one tenth have no formal education and are illiterate (all but two of these nine respondents are female, while two thirds live in Amman and one third in Zaatari). At the other end of the spectrum, a small share (one third of whom are women) either have a university degree or have completed post-secondary technical or vocational training. Finally, one fifth of the interviewed refugees (one quarter of whom are women) have attained a secondary level of education. The baseline demand-side study also records the same share (i.e. 19%) of Syrian respondents as having completed secondary school.

Exhibit 6. Level of education



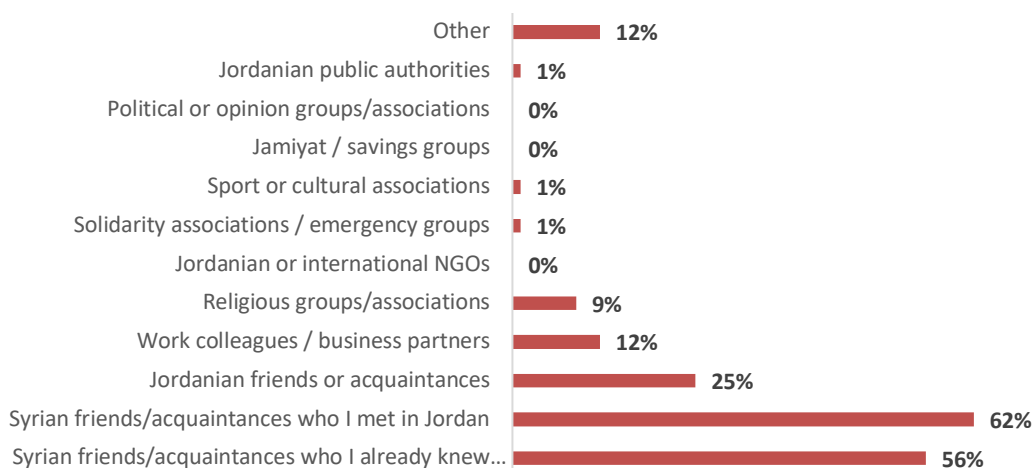
Conclusions – Human Capital. Refugees, mainly Syrians, have been in Jordan for several years and hence live in a situation of stable/protracted displacement. Interviewed refugees, almost all of working age, live in medium-sized households with an average of 5 dependents. While a small share of interviewees completed post-secondary levels of education and would qualify for more skilled professions and employment, the majority have more basic educational backgrounds. Amman-based and female respondents generally record lower levels of economic/financial independency as well as education.

⁴⁶GIZ, CGAP, Ipsos, *Digittances Baseline Demand-Side Study: Syrian Refugees, March 2017*.

5.2 Social Capital

Social Networks. Consulted refugees *spend time mostly with persons from the same country of origin.* These include relatives as well as friends, acquaintances and neighbors who they either already knew in Syria (or other country of origin) or who they met in Jordan after fleeing from their home countries. **One quarter regularly interacts also with Jordanians.** The general profile of social networks varies slightly between Amman and Zaatari. In Amman, there are stronger interactions with more structured groups and associations – above all religious groups – as self-settled refugees in an urban environment are in a better position to recreate or join social structures. Relations between refugees and the host population are naturally also more common in Amman, since the two communities live in the same neighborhoods. In Zaatari, on the other hand, the settling into a more ‘confined’ space and community (albeit numerous) has seemingly led to the consolidation of more individual and private neighborly relations rather than the creation of more organized community groups and alike.

Exhibit 7. Social networks

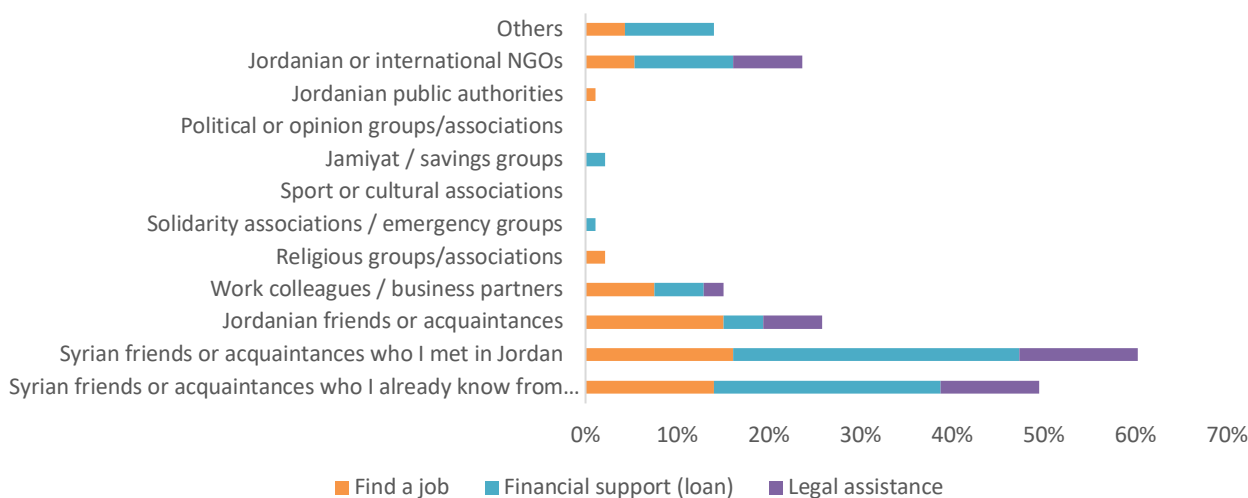


n=93 (% numbers add up to more than 100, since some respondents engage in more than one type of social relationship)

Types of Support. When considering the kind of support refugees seek – and rely upon – from their social networks, the ***bonds created among fellow refugees as well as with Jordanians are clearly important for the livelihood strategies*** of refugee households, especially in situations of uncertain public support (see also Box 5 on the following page). Interviewed refugees primarily ask their friends and acquaintances for financial support (i.e. credit), but also for their assistance in finding a job or addressing legal or bureaucratic issues. Reliance on support from Jordanians is more common for the self-settled refugees in Amman than for those living in Zaatari. Engagement (if not integration) with host communities is clearly important for refugees seeking to find their ways in a new country. A 2018 assessment conducted by UNHCR and the Norwegian Refugee Council (NRC) on the Jordanian marketplace (hereinafter the ‘marketplace assessment’)⁴⁷ provides an example of how a cohesive community can better overcome financial and economic constraints. In particular, the assessment points to the importance of community support mechanisms for refugee households when seeking good quality and reasonably priced housing. Thanks to their host community support, refugee residents in Irbid claim to have gained more knowledge of the housing market over the years as well as confirm a decrease in rental prices (in fact, the assessment reports that “*districts where Syrians have a higher share in the demand for rental housing have some of the lowest reported average rent prices*”).

⁴⁷UNHCR and NRC, *Assessment of the Jordanian Marketplace*, 2018.

Exhibit 8. Support from social relationships and structures



n=93 (% numbers add up to more than 100, since some respondents rely on support from more than one type of social relationship)

Box 5. Reliance on Social Networks

M. is an Iraqi refugee who has been in Jordan since 2013. In Iraq, he was the director of an international center for deaf-mutes with branches in various Arab countries as well as in South East Asia. As a representative of a center receiving financial support from Western countries for his activities, he was persecuted and his son was killed. He eventually managed to escape to Jordan with the rest of his family. He now lives in Amman partly surviving on the sporadic collection of waste, but mostly relying on his social relationships. For example, he offers deaf-mute translations at the local Mosque every week in exchange for food. Furthermore, his family benefits from a subsidized rent of only JOD 100 for an apartment that they rent from a Jordanian neighbor and landlord. Together with a fellow Iraqi, he would like to open a small business activity repairing as well as selling second-hand hearing devices for deaf people. He has a good knowledge of the potential clients of this niche market and is skilled in the specific maintenance of hearing devices.

One quarter of all **respondents also depend on Jordanian and international NGOs for concrete support**. The relationships between refugees and NGOs are generally stronger (or at least more common/frequent) in Zaatar than in Amman. However, self-settled refugees in Amman (as well as in the other governorates) are, along with the Jordanian host communities, assisted by so called 'Community Support Committees' (CSCs). These committees, managed by Jordanian or international NGOs, reach out to refugees and their host communities through the provision of training, counselling services, as well as material and – in some cases – also financial support (see also Box 6 on the following page). Thanks to their territorial outreach, the **CSCs could play a key role – if properly supported – in paving the way for financial inclusion initiatives**. In general, when looking at refugees' average social structures, where private relationships generally prevail over more organized informal or formal groups, national and international NGOs serve as important platforms of social reference and interaction (especially for the most marginalized categories of refugees) as well as community cohesion.

"Community cohesion is very important in our activities. Sometimes there are disputes between Syrians and Jordanians, but we work on this. Sometimes they don't want to sit together in class, but after a while they start to confront ideas and they might even become partners of the same business activity."

Box 6. Community Support Committees⁴⁸

In 2013, UNHCR launched a community-based protection initiative towards promoting community engagement through Community Support Committees (CSCs). This ‘model’ seeks to: (i) contribute to peaceful co-existence and social cohesion between refugees and host communities; (ii) create space for structured community dialogue on important issues (usually in the form of weekly meetings for dedicated target groups); and (iii) plan and implement community-based activities targeting different groups (such as women, youth, and the elderly). The committees provide an essential link to cash assistance programs and serve as an important information and communication channel for refugees and host communities alike. In 2017, 25 CSCs (covering all 12 governorates) reached out to a total of 63,249 individuals (62% women) within refugee and host communities through 1,227 educational, awareness, training, recreational, sport and cultural activities. Beneficiaries include 54% Syrians, 11% Iraqis, 3% other refugees, and 32% Jordanians.

Relations with Host Communities. *At the micro (i.e. community) level, consulted refugees and relevant stakeholders do not point to any particular tensions between refugees (especially Syrians) and Jordanians.* The Syrian and Jordanian communities are generally considered as close and with a similar culture and shared history. Over the years – also before the Syria conflict broke out – Syrians and Jordanians have developed strong commercial and social bonds which have often lasted and further matured in Jordan following the onset of the Syrian crisis. This is particularly the case for self-settled refugees, as interactions with host communities are more limited for refugees living in settlements. A handful of Syrian male FGD participants in Amman pointed to problems with some Jordanians taking advantage of their refugee status and not paying for the (informal) work that they have carried out, but they recognize these as individual cases rather than as a general problem related to the Jordanian community as a whole. There have also been some protests in the areas surrounding the Zaatari settlement on part of Egyptian construction workers who see competition in Syrian refugees with work permits in this particular sector (as promoted by commitments under the Jordan Compact – see Section 4.2 above).

“Relations between Jordanians and Syrians are very good, no specific conflicts.”

“No tensions, good community.”

“We have a good relationship with Jordanians; they are like relatives for us, we are of the same culture.”

“Syrians are very embedded in the Jordanian community.”

“When we arrived we had nothing; Jordanians have helped us to make the first steps.”

Potential sources of conflicts are rather perceived at the macro (i.e. country) level. Debates in this regard, where existing, are commonly triggered by the generally difficult situation currently faced by the Jordanian economy (see Section 4.1 above) and/or by large-scale aid distribution programs run by humanitarian agencies/NGOs, which risk exacerbating a sense of competitiveness between refugees and low-income Jordanians. Interventions outside settlements (such as those sponsored by the CSCs) are therefore usually targeting both the refugee and the Jordanian communities. Furthermore, macro/country level tensions do usually not transform into clashes at the micro/community level. In fact, one of the consulted stakeholders claims to encounter more conflicts between Jordanians as a result of inter-tribal differences rather than clashes between Syrians and Jordanians.

⁴⁸Information from UNHCR, *Evaluation Synthesis of UNHCR’s Cash Based Interventions in Jordan, December 2017* as well as internal UNHCR Jordan reporting on CSC achievements.

“Conflicts between communities? There is no big evidence of it. Sometimes refugees are blamed because of a general and understandable sense of insecurity (‘why prices are going up, why are there no well-paid jobs?’). Some micro aggressions may happen, but nothing at large scale. Syrians are very embedded in the community for many years. Tensions can be more evident when large aid disbursements come to play. Therefore, it is important to make conflict sensitive programming.”

“The economic situation of the country is difficult. We need to support both communities, but should focus more on Jordanians. Visibility matters! Jordanians would complain [if assistance focused] on refugees during an economic crisis.”

“Timing is critical, Syrians feel left out, but many Jordanians have never received anything compared to what Syrians receive (especially with current austerity measure in place). The Government is concerned about how the public will react, when attention is drawn to Syrians and not them, as Jordanians.”

The **exploration of potential business (and employment) opportunities for refugees** (see also Section 5.5 below) **could open the door to possible sources of conflict with Jordanians**. A study carried out by the International Labour Organization (ILO)⁴⁹ observes that even if *“the occupations of employed Jordanians are substantially different from that of either Syrians or migrant workers (...), direct competition between Jordanians and non-Jordanians, is significant in services and sales.”* In general, however, a 2018 working paper⁵⁰ finds that *“Jordanians living in areas with additional refugees have had no worse labor market outcomes than Jordanians with less exposure to the refugee influx”*. Concerns over possible competition may explain the rationale behind the closed sectors and professions for non-Jordanians, but rather than pure market competition, several interviewed stakeholders also note that what could fuel a sense of frustration or resentment among Jordanians would be the explicit establishment of preferential patterns of support for refugees within the private sector (in terms of, for instance, ‘refugee specific’ subsidies, financial products, business training and coaching, initiatives. etc.). Furthermore, in order to mitigate existing or potential tensions in general, it is important to highlight the outcomes and benefits resulting from engaging refugees in economic activities, as the ILO study rightly reminds: *“while migrant workers send the bulk of their wages back home as remittances, the Jordanian economy benefit from the multiplier effect of Syrian wages being spent inside Jordan”*. On a final positive note, it is interesting to note the **level of interaction between Jordanian and (mainly informal) refugee enterprises** arising from the enterprise interviews during the course of the assignment. While all but one enterprise in Amman and all but two enterprises in Zaatari rely on Jordanian suppliers, all but two Amman enterprises also serve Jordanian clients (given the settlement context, only one of the Zaatari enterprises caters to Jordanian clients).

⁴⁹ ILO, *A Challenging Market Becomes More Challenging: Jordanian Workers, Migrant Workers and Refugees in the Jordanian Labour Market*, 2017.

⁵⁰ Fallah, Belal, Caroline Krafft and Jackline Wahba, *The impact of refugees on employment and wages in Jordan*, Economic Research Forum (ERF) Working Paper No. 1189, April 2018. The working paper is based on the results from the Jordan Labor Market Panel Survey.

Conclusions – Social Capital. While interviewed refugees most commonly socialize with and rely on fellow refugees, a good share also regularly interact with and seek support from Jordanians (especially in Amman). Interactions through structured groups and associations are more frequent in Amman, while consolidated relations in Zaatari are more individual. Social bonds are generally important for the livelihood strategies of most refugee households, both within and beyond settlements. Concrete support from international and Jordanian agencies and NGOs is also relevant for some respondents (particularly in Zaatari). Within such a context, and as also pointed out by a 2017 CGAP and GIZ demand-side analysis of Syrian refugees and low-income Jordanians (hereinafter the ‘demand-side analysis’),⁵¹ agencies/NGOs (as well as aid disbursements) can function as a powerful bridge between refugees and formal financial actors/channels.

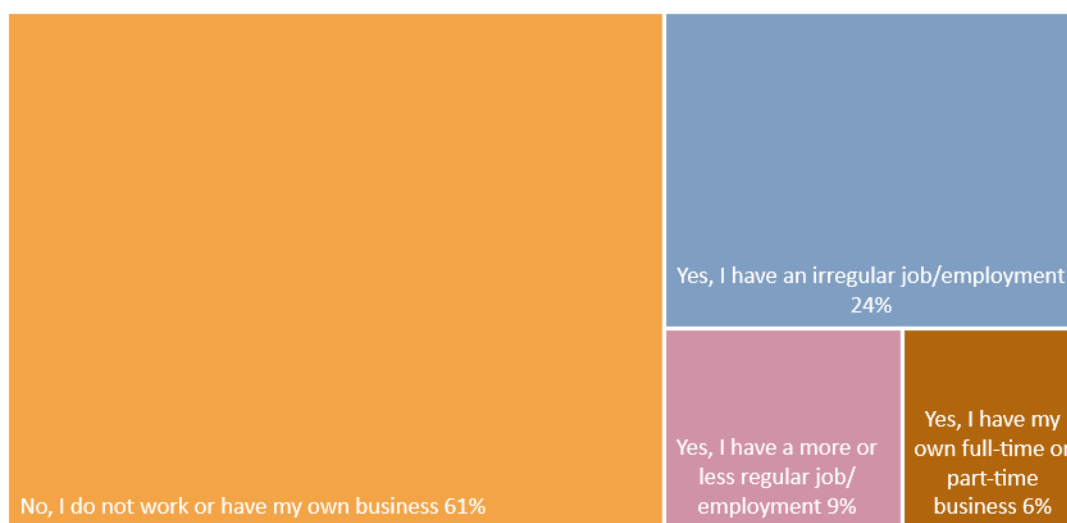
Relations with Jordanians are generally positive and supportive at the micro (i.e. community) level. However, since the economy is currently struggling to absorb the effects of the Syria crisis in general, potential sources of conflict can be perceived at the macro (i.e. country) level. The creation of employment and self-employment opportunities for refugees could for example cause tensions with unemployed or underemployed Jordanians. In general, therefore, it is important for any assistance or development intervention to consider both the refugee and the low-income host community.

⁵¹CGAP, GIZ (Nadine Chehade, Antoine Navarro, and Danielle Sobol), *Remittances and Financial Inclusion: A Demand-Side Analysis of Low-Income Jordanians and Syrian Refugees in Jordan, Working Paper, December 2017.*

5.3 Professional Capital

Level of Employment. Given the restrictive regulatory framework (see Section 4.2 above) as well as the difficult economic situation (see Section 4.1 above), the **current level of employment and self-employment among refugees is**, unsurprisingly, **relatively low**. In fact, three fifths of the interviewed refugees currently do not have any kind of job or own business activity. In contrast, the same share report to have worked in their countries of origin (with the remaining respondents having been either housewives or students). In general, as presented in Section 4.2 above, opportunities for work in Jordan are either scarce or mostly informal despite an increase in the issuance of work permits. Job participation is **particularly low among women** (with 82% of the female interviewees not working). Other sources also point to high levels of unemployment. For example, the internal UNHCR monitoring of self-settled Syrian refugees reports that 58% of some 10,000 surveyed households do not have any working family member.⁵² Furthermore, 82% of participants (and 98% of women) in the baseline demand-side study are not engaged in either paid employment or self-employment. On the other hand, at the national level and based on data from the Jordan Labor Market Panel Survey, a recent working paper⁵³ estimates that **a total of 117,000 Syrians were engaged in some form of professional activity in 2016 (and this figure represented around four fifths of the Syrian labor force at the time)**. The great majority of these were either working as informal regular wage workers (57%) or as irregular wage workers (25%), while the remaining share were either self-employed (9%) or formal regular wage earners (10%).

Exhibit 9. Level of employment and self-employment



n=93

Most of those who work among the interviewed refugees only have an irregular job (i.e. seasonal or temporary work). Only a small share of the interviewees have a more or less regular job (all men) or their own full-time or part-time economic activity. However, taken together, the share of those who are engaged in some kind of work among this assessment's sample (i.e. 39%) is double the share of working participants in the baseline demand-side study (18%).⁵⁴ Furthermore, **job opportunities are seemingly greater in**

⁵² UNHCR, *Self-reported data from 10,678 surveyed Syrian self-settled refugees under the Vulnerability Assessment Framework (VAF), October 2016 – March 2017*.

⁵³ Fallah, Belal, Caroline Krafft and Jackline Wahba, *The impact of refugees on employment and wages in Jordan*, Economic Research Forum (ERF) Working Paper No. 1189, April 2018.

⁵⁴ The share of self-employed respondents in this assessment (6%) is more or less in line with that reported in the baseline demand-side study (4%).

Zaatari (where 50% of respondents report to be working either formally or informally) **than in Amman** (30%), probably thanks to (i) the facilitation of work permits and cash-for-work within the settlement and (ii) the possibility of operating businesses informally and from home (see also Box 7 on the following page). On the other hand, the baseline demand-side study reports higher employment figures among self-settled refugees (19%) than among those living in settlements (10%).

Box 7. Zaatari Livelihoods Pillars

Within Zaatari, livelihoods are based on the following three main pillars: (i) informal business activities within the settlement; (ii) cash-for-work within, and occasionally also outside, the settlement; and (iii) formal employment outside the settlement through the provision of work permits (see also Section 4.2 above).

Small informal business activities in Zaatari (as well as other settlements) are allowed to develop ‘organically’ without interference or regulation (the Jordan Compact specifically committed to removing restrictions preventing small economic activities within the settlements). Since these businesses are not monitored, there are no official data on the numbers and types of enterprises. However, the main commercial area in Zaatari is bustling with activity and a good number of refugees also operate HBBs.

Cash-for-work (the modality adopted by all international agencies and NGOs operating within Zaatari) can be assigned to only one person per household at any given time and is based on the professional profiles of the refugees, i.e. semi-skilled (JOD 1 per hour), skilled (JOD 1.5 per hour), highly skilled (JOD 2 per hour), and technical (JOD 2.5 per hour). While semi-skilled and skilled positions are assigned on a rotational basis (i.e. with a monthly/weekly or yearly duration), highly skilled and technical positions do not necessarily require rotation (i.e. they can be fixed). In February 2018, a total of 6,715 individuals (29% female), accounting for around one fifth of all Zaatari inhabitants of working age (i.e. between 18 and 59 years),⁵⁵ were engaged in cash-for-work schemes. The majority of positions (78% rotational) were either semi-skilled (62%) or skilled (18%), followed by technical (15%) and highly skilled (5%).⁵⁶

In support of formal employment, the **Zaatari Office for Employment (ZOE)**, operated jointly by UNHCR and ILO with EU-funding, was established in August 2017. It primarily provides three types of services to the Zaatari residents, namely: (i) job matching (including counselling and provision of information on training opportunities); (ii) issuing of work permits within agriculture and construction (the ‘freelance’ sectors); and (iii) recording of all work permits (i.e. also those issued by the Labor Directorate for sectors other than agriculture and construction) for the facilitation of exit from and entry into the settlement. By April 2018, ten months after its establishment, ZOE had processed a total of 9,407 work permits (including 4% renewals), which amount to almost one permit for every third Zaatari inhabitant of working age (i.e. between 18 and 59 years). Permits are predominantly issued for work in agriculture (85%), but also in construction (9%), manufacturing (4%), and food and beverages (2%). Finally, 11% of the recipients of ZOE administered permits thus far are female.⁵⁷

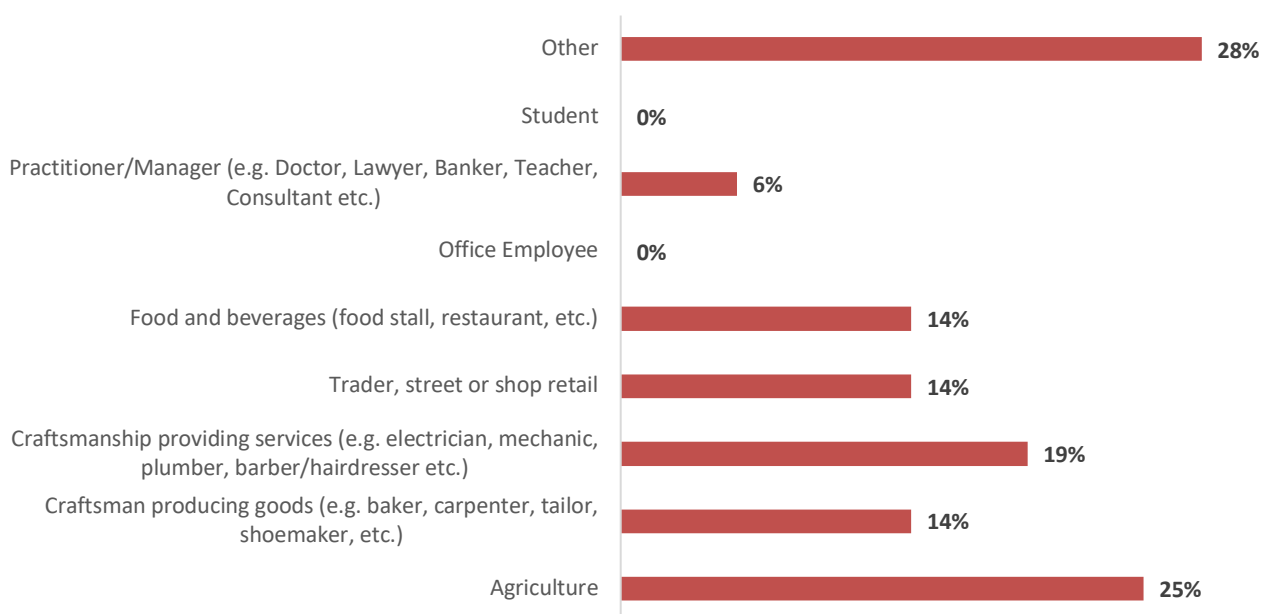
Sectors/Areas of Activity. Among the 36 interviewees who are working (even if only irregularly and informally), the **most common sectors or areas of activity include agriculture and other services** (namely low-skilled professions such as cleaner, security guard, waste collector, etc.). Others are either engaged in the more skilled provision of craftsmanship services (including construction) or goods or in the commerce or in food and beverages sectors. At the national level, the most common professions declared by working Syrian refugees to UNHCR are farm laborers and builders, i.e. linked to the open sectors of agriculture and construction.⁵⁸ In terms of past professional experiences, interviewed refugees who worked in their countries of origin were active in more or less the same sectors, primarily agriculture and other services (i.e. low-skilled professions). However, only 44% of those currently working in Jordan were engaged in the same sectors/areas also in their countries of origin (35% in Amman and 55% in Zaatari).

⁵⁵ In November 2017, there were 30,704 registered refugees between 18 and 59 years in Zaatari. *UNHCR, Refugee Skills Mapping in Zaatari Camp Jordan, November 2017.*

⁵⁶ Numbers provided by UNHCR Zaatari associate field officer in March 2018.

⁵⁷ Work permit numbers from *UNHCR, ZOE Update, April 2018.*

⁵⁸ *UNHCR, Self-reported data from 10,678 surveyed Syrian self-settled refugees under the Vulnerability Assessment Framework (VAF), October 2016 – March 2017.*

Exhibit 10. Current sectors/areas of activity

n=36 (% numbers add up to more than 100, since some respondents are active in more than one sector)

Reasons for not Working. Among those who currently do not work, more than half say it is because they **cannot find a job**. Around one quarter of non-working respondents is not able to work because of ill health or old age⁵⁹, while some (all women) say they do not need to work. In addition to the lack of legal permission, other reasons for not working include the lack of capital as well as (mainly for women) the need to take care of children or other family members and the lack of certain skills. Section 5.5 below further elaborates on the challenges refugees face when seeking to find employment or set up their own business. Nevertheless, and as Section 5.5 also describes, the majority of consulted refugees show **determination towards finding (mainly formal) work opportunities, with preference for self-employment**. A good number have both the necessary professional/technical skills and relatively well-defined business ideas. Indeed, the skills and entrepreneurial spirit, especially of Syrians refugees, are recognized by consulted stakeholders (*“It is easier to find Syrian refugees [than Jordanians] with skills and business ideas”*) as well as other studies.⁶⁰

⁵⁹ The share of those not working because of ill health or old age among the total sample of 93 refugees of this assessment (14%) is more than double the share of those reporting to be either long-term sick, physically disabled or retired in the baseline demand-side study (6%).

⁶⁰ See for instance ILO, *A Challenging Market Becomes More Challenging: Jordanian Workers, Migrant Workers and Refugees in the Jordanian Labour Market*, 2017.



Exhibit 11. Reasons for not working

'Other' reasons include lack of capital and certain skills as well as the need to take care of children or other family members. n=57 (% numbers add up to more than 100, since some respondents stated more than one reason for not working)

Conclusions – Professional Capital. Faced with limited opportunities for formal engagement as well as the generally struggling Jordanian economy, current employment and self-employment levels among refugees are relatively low (especially for women). Nevertheless, at the national level, 117,000 Syrians were estimated to have been engaged – mostly informally or irregularly – in some form of professional activity in 2016. Those who work among the interviewed refugees are primarily engaged either formally (through work permits) or informally in the open sectors of agriculture and construction as well as other services (including food and beverages), but also informally (especially in Zaatari) in trade and artisanry. These were also the areas of engagement for most respondents in their countries of origin.

Although only a small share currently run their own businesses, many refugees recognize the potential of and seek opportunities for self-employment towards applying their experience and earning a living (especially after years of protracted displacement). In fact, the 'entrepreneurial drive' of Syrians along with their skills are recognized parts of their professional capital. Efforts to support business activities on part of refugees could hence rely on, but also contribute to further develop and benefit from, this currently largely untapped capital.

5.4 Economic/Financial Capital

Sources of Income. When considering the composition of income sources and given the limited job opportunities, aid/cash assistance emerges as the economic mainstay among the interviewed refugee households (and for one third it is the only source of income). Similarly, in the baseline demand-side study, 71% of respondents report aid/cash assistance to be their primary source of household income. Households interviewed in this assessment benefitting from aid/cash assistance include all Zaatari households and 73% of the self-settled households in Amman. While *all refugees residing within settlements in Jordan receive ‘money-for-food’ assistance*,⁶¹ ‘genuine’ (or multipurpose) cash assistance is only provided to the most vulnerable self-settled households (see also Box 8 on the following page). **At the national level, refugees receiving multipurpose cash assistance represent around 23% of the total self-settled refugee population.**⁶² This is significantly lower than the share of cash-assisted self-settled households in Amman interviewed within this assignment (in fact, as mentioned in Section 2 above, this assessment sample includes an over-representation of vulnerable refugees). Considering the entire refugee population (i.e. also those within settlements), 37% receive either money-for-food or cash assistance. Humanitarian agencies and NGOs hence play an important role in the economic lives of a good share of refugee households also at the national level. Nevertheless, some interviewed households *also rely on other sources of income, notably salary from irregular/occasional and regular work*. Finally, only a handful of households report remittances as a source of income (as also recorded by the baseline demand-side study).

Exhibit 12. Sources of income



n=93 (% numbers add up to more than 100, since some respondents have more than one source of income)

⁶¹ Households within settlements receive JOD 20 (~USD 28) per household member each month towards paying for food items only (i.e. money transferred onto their ATM card with IRIS scan cannot be cashed out, but only used for purchasing food at selected stores within the settlements).

⁶² In May 2018, a total of 140,732 refugees (94% Syrians, 5% Iraqis, and 1% other refugees) - or 29,890 refugee households - received cash assistance. *UNHCR, Cash Assistance Dashboard, May 2018.*

Box 8. Cash-Based Interventions⁶³

Cash-based interventions (CBIs) refer to the direct transfer of cash from agencies, donors and NGOs to final beneficiaries (such as refugees). Such interventions are meant to meet most of the beneficiaries' basic needs by assisting them in paying for items and services such as rent and utilities, food, healthcare, and education. Some recipients also use cash received to repay debts and support livelihoods. Jordan is, after Lebanon and Afghanistan, UNHCR's third largest CBI country in value terms, with an average of around USD 3.7 million disbursed per month in 2018.

Beneficiaries of UNHCR cash assistance are selected through the **Vulnerability Assessment Framework (VAF)**, which evaluates and scores the degree of a household's vulnerability and subsequently 'recommends' the most vulnerable households. The amount of cash assistance received depends on the number of household members. In May 2018, the cash contribution per refugee household averaged JOD 133 (~USD 186).

CBIs in Jordan are managed through the **Common Cash Facility (CCF)**, a multi-partner platform which channels more than 90% of all cash assistance to refugees. The facility currently involves 21 agencies, donors, and NGOs (as well as 7 Jordanian municipalities managing cash-for-work schemes). It provides participating entities with direct access to one common selected FSP (presently the Cairo Amman Bank) instead of making them engage individually, and more expensively, with different FSPs and numerous accounts. Cash (and money-for-food) assistance is currently provided through an ATM card with IRIS scan withdrawal⁶⁴, but this card is not linked to a personal physical account (but only to an UNHCR 'account'). Cash is disbursed on a monthly basis and cannot be stored on the card (money has to be withdrawn or used within two weeks of receipt). Together with Mercy Corps and Save the Children, cash transfers are currently also being piloted through mobile wallet accounts (linked to their UNHCR 'account').

Among the interviewed refugees, the **average household income is JOD 177 (~USD 248) per month**. Monthly average household revenues among the assessment sample are slightly higher in Zaatari than in Amman, probably due to larger households and greater access to (informal) working opportunities. Other studies report on similar levels of monthly household income for (mainly Syrian) refugees, including: (i) JOD 176;⁶⁵ (ii) JOD 164 (JOD 144 in settlements and JOD 169 outside settlements);⁶⁶ and (iii) JOD 159.⁶⁷ Considering the average number of household members, a monthly household income of JOD 177 entails a monthly per capita income of only JOD 32 (~USD 45), which is **well below the Jordanian poverty line** of JOD 68 (~USD 95), and just above the national abject poverty line of JOD 28 (~USD 39), per capita per month. Years of protracted displacement – especially on part of Syrians – have clearly had a devastating impact on the lives of the refugees. In fact, in 2015, 86% of Syrian refugee individuals and two thirds of Syrian refugee households (or family units) were estimated to live below the poverty line of JOD 68 per capita per month (and 10% of Syrian refugee individuals and 6% of Syrian refugee households / units below the abject poverty line of JOD 28 per capita per month).⁶⁸

Table 6. Average monthly household income

Average household income (per month)	
TOTAL (n=93)	JOD 177
Amman (n=51)	JOD 168
Zaatari (n=42)	JOD 188

⁶³Sources include: UNHCR, *Evaluation synthesis of UNHCR's Cash Based Interventions in Jordan, December 2017*; UNHCR, *Cash Assistance Dashboard, May 2018*; and interview with UNHCR Senior CBI Coordinator, March 2018.

⁶⁴ See more in IFC, *IrisGuard to Support Financial Inclusion and Syrian Refugees in Jordan, 2018*.

⁶⁵The marketplace assessment.

⁶⁶The baseline demand-side study.

⁶⁷UNHCR, *Self-reported data from 10,678 surveyed Syrian self-settled refugees under the Vulnerability Assessment Framework (VAF), October 2016 – March 2017*. Furthermore, at the national level, recent research points to a correlation between income and education levels, with JOD 250 in monthly income for primary or less educated refugee households and JOD 350 for refugees with higher education. CBI, GIZ, *Financial Inclusion – Diagnostic Study in Jordan 2017, Synthesis Report, 2017*.

⁶⁸UNHCR, *Jordan Refugee Response: Vulnerability Assessment Framework Baseline Survey, May 2015*.

The **average amount of monthly household income also differs according to the type of income stream**, with salary from regular work being the strongest source on average (and even more so in Zaatari than in Amman). The amount of aid/cash assistance received depends on the number of household members, but, on average, assisted households receive JOD 110 (~USD 154) per month. This number is slightly below the average monthly amount of UNHCR cash assistance disbursed per household in May 2018 (see Box 8 above). Remittances are reported as a source of income by only 6 households and the average monthly amount is generally higher in Amman than in Zaatari. In comparison, the demand-side analysis estimates the average transaction size at JOD 191 (~USD 267) every three months – hence around JOD 48 (~USD 67) as a monthly average – for Syrian refugees receiving international remittances (mainly from the Gulf countries).

Table 7. Average monthly household income by type of income source

	Overall	Amman	Zaatari
Salary from regular work(n=18)	249 JOD	217 JOD	285 JOD
Wage from irregular/occasional work(n=27)	99 JOD	133 JOD	73 JOD
Income from own/family business or self-employment ⁶⁹ (n=6)	78 JOD	153 JOD	41 JOD
Aid/cash assistance from organizations(n=79)	110 JOD	103 JOD	117 JOD
Remittances (n=6)	90 JOD	115 JOD	56 JOD
Other(n=5)	150 JOD	150 JOD	150 JOD

More anecdotally, with regard to **enterprise income** (i.e. net profit) on part of the interviewed entrepreneurs, informal business activities in Zaatari have an average net monthly cash flow of JOD 280 (~USD 392) per single owner, which corresponds to around 150% of the average Zaatari household income per month reported above. Furthermore, these business activities provide work for an average of 1.4 full-time employees with average monthly wages of JOD 162 (~USD 227) per employee, which is around 86% of the observed average monthly household income in Zaatari. While interviewed HBBs in Amman do not generate employment, they provide an average net monthly income per business owner of JOD 89 (~USD 125), which amount to 53% of the average monthly income for households in Amman.

⁶⁹ This revenue stream does not come only from ‘proper’ enterprises (even if informal), but also from small autonomous home-based activities such as trash collection and grocery sales to neighbors.

Table 8. Enterprise profitability and outreach⁷⁰

	Zaatari (6 informal businesses, including 1 potential)	Amman (4 HBBs, including 1 potential)	Amman (1 formal enterprise)
Average Starting Investment	3,586 JOD	610 JOD	25,000 JOD
Average no. of owners	1,1	1,5	1
Average no. of full-time employees ⁷¹	1,4	0	6,5
Average salary per full-time employee (per month)	162 JOD	0	300 JOD
Revenues (per month)	2,828 JOD	343 JOD	20,400 JOD
Net cash flow (per month)	320 JOD	133 JOD	583 JOD
Net cash flow per single business partner (per month)	280 JOD	89 JOD	583 JOD
Profit margin ⁷²	11%	39%	3%

Expenditures, Debt and Savings. UNHCR regularly assesses the average monthly expenditures of refugee households. In 2017, the monthly expenditure basket included: (i) rent (accounting for almost 82% of monthly cash assistance); (ii) food (around JOD 63); (iii) debt repayment (JOD 38-42 JOD); (iv) health (JOD 38 JOD); (v) utilities (JOD 30); and (vi) education (JOD 22 JOD).⁷³ These **expenditures present a financial challenge for most refugee households**. By comparing the UNHCR numbers on expenditure with information on income from this assessment as well as other studies (as listed above), the difference between the gross average household expenditure (JOD 260-313; ~USD 364-438) and the observed range of income (namely JOD 159-177; ~USD 223-248) clearly stands out.

Generally, discrepancies between incomes and expenditures are likely to result in indebtedness. Almost **three quarters of interviewed households report having ongoing debts**, with current debts being more common in Amman (82%) than in Zaatari (62%). In contrast, the baseline demand-side study found present debts to be less common (especially outside settlements), with 70% of its respondents reporting to currently not have any active (formal or informal) loan or store credit. The median debt amount observed in this assessment sample is JOD 195 (~USD 273), with a median debt ratio per household (i.e. debt on monthly income) at a reasonable 2.0. However, the level of indebtedness is worrying for about 15% of the indebted households, primarily as a result of having borrowed larger sums to cover expenses for medical emergencies in Jordan or passage from Syria to Jordan.⁷⁴ The current debt situation is quite different between Amman and Zaatari, with Amman households recording higher levels (and ratios) than households in Zaatari. In comparison, UNHCR recently recorded an average amount of debt of JOD 751 (~USD 1,051) across 81% of surveyed families.⁷⁵

⁷⁰ Calculations are based on actual figures from 10 already existing businesses as well as on projected (but clearly defined) figures from 2 not yet existing business activities.

⁷¹ Average number of full-time employees considering seasonal and part-time positions with decimals.

⁷² Profit margins of HBBs are considerably higher because almost no fixed costs are incurred (private house rent is not considered as part of business expenditure).

⁷³ UNHCR. *Post distribution monitoring report 3rd quarter 2017 – Cash assistance for Syrian refugees, 2017*.

⁷⁴ The average current debt value of JOD 1,597 (~USD 2,236) for the 68 indebted households is skewed upwards by ten larger debts of JOD 3,000-10,000 (~USD 4,200-14,000) as well as one very large debt of JOD 45,000 (~USD 63,000). The debt over monthly income ratios for half of these households is in the hundreds or even in the thousands.

⁷⁵ UNHCR, *Jordan Briefing, September 2017*.

Table 9. Current debt levels

	Total (n=68)	Amman (n=62)	Zaatari (n=26)
Median current debt	JOD 195	JOD 625	JOD 175
Median current debt monthly income ratio	2.0	3.2	1.2

Imbalances between expenditure and income commonly also lead to a limited capacity to save. Indeed, 80% of the interviewed refugees usually do not have any money left at the end of the month or week. Nevertheless, the remaining **one fifth of households do manage to save at least some money every month** (average JOD 28; ~USD 39 / median JOD 15; ~USD 21), with saving practices stronger in Zaatari (JOD 41) than in Amman (JOD 12) and slightly weaker for women (JOD 18).⁷⁶ In contrast, UNHCR reports that, in 2017, only 3% among those who receive cash assistance (i.e. the most vulnerable refugees) declared being able to save (on average JOD 17 per month).⁷⁷ Furthermore, a 2017 CBJ and GIZ diagnostic study on financial inclusion (hereinafter the ‘financial inclusion study’) estimates that only 6.4% of refugees are able to rely on savings for a JOD 150 (~USD 210) emergency (compared to 13% for the Jordanian population).⁷⁸

Assets. While almost half of the interviewed households report the ownership of assets – mostly apartments/houses and land, but also enterprise structures or equipment and vehicles – in Syria, the current state and actual value of these assets are questionable (i.e. much of what has been left behind so many years ago has likely been destroyed or sequestered). While some household items (such as televisions, fridges, or solar batteries) are likely to have been under-reported (or indeed not reported at all), **only a handful of respondents claim to own assets of value in Jordan** in the form of jewelry, livestock, and enterprise equipment.⁷⁹ One male Zaatari resident also owns a piece of land inherited from a Jordanian uncle, although the official title is with another Jordanian relative since he as a Syrian cannot register land ownership. In general, however, over the years of permanence in Jordan, most refugees have seemingly gone through a process of **‘asset depletion’ rather than ‘asset building’**. Most of whatever assets, if any, refugees managed to bring to Jordan have been ‘liquidated’ in order to sustain their daily lives.

⁷⁶ It should also be noted that the term ‘savings’ may not be intended as cash only, but also as related to investments in non-monetary assets (such as jewelry or livestock).

⁷⁷ UNHCR. “Evaluation synthesis of UNHCR’s Cash Based Interventions in Jordan”. December 2017.

⁷⁸ CBJ, GIZ. “Financial Inclusion – Diagnostic Study in Jordan 2017, Synthesis Report.” 2017

⁷⁹ The pawning of assets is consequently not common – only two interviewees have ever pawned an asset in order to get a loan while in Jordan.

Conclusions – Economic/Financial Capital. Given the limited opportunities for employment and self-employment, a good share – also at the national level – of refugee households depend on cash or money-for-food assistance from humanitarian agencies and NGOs and most live below the national poverty line. Nevertheless, with two fifths of the interviewed individuals working, respondent households also benefit from occupational incomes, with salaries from regular work generally representing a stronger income stream than earnings from irregular/occasional work or self-employment. On the other hand, interviewed business activities manage to generate relatively sizeable incomes for their owners as well as for their employees (especially for the informal business owners in Zaatari and the formal enterprise owner in Amman).

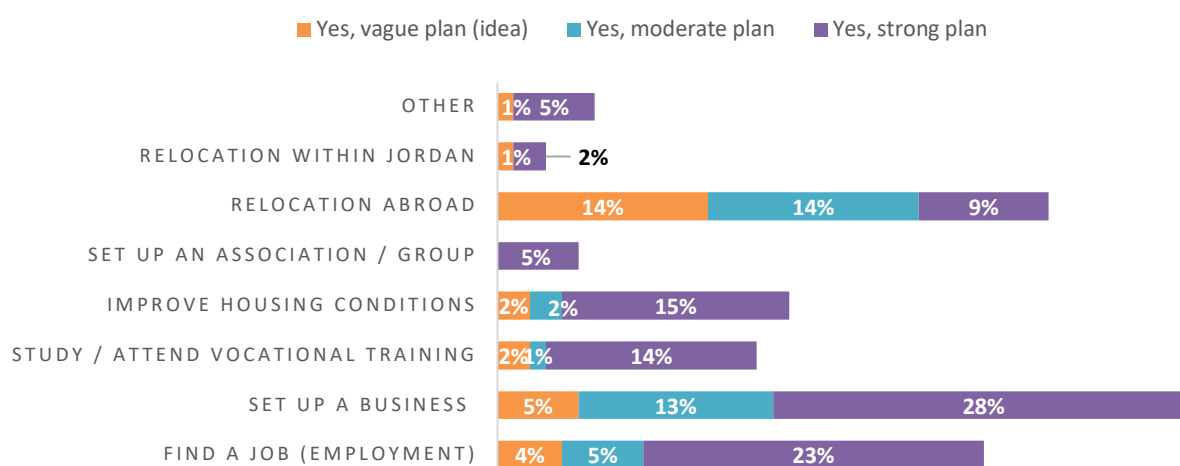
On the whole, however, with expenditures commonly surpassing incomes (at least on a weekly or monthly basis), many refugees regularly resort to borrowing. Current debt levels are reasonable for most interviewed indebted households, but a small share find themselves in a situation of significant over-indebtedness (mostly because of having borrowed larger sums to cover expenses for medical emergencies in Jordan or passage from Syria). Despite limited levels of income, one fifth of interviewed refugees manage to regularly save at least some money. In general, however, larger savings amounts as well as other assets have mostly been depleted to sustain years of protracted displacement.

In conclusion, refugees' current economic/financial capital is limited not only by the regulatory constraints (and struggling economy) curbing their possibilities to engage in employment and self-employment, but also by the lack of a complementary set of financial services. Such services should go beyond the mere provision of credit by integrating also savings, insurance, etc. The provision of a multitude of services would be more effective in seeking to promote the improvement of the economic/financial conditions of refugee households.

5.5 Future Aspirations, Challenges and Opportunities

Future Plans. When asked about their future aspirations, *the majority of respondents do not have any plans (not even vague ones) to return to their home countries or relocate to another country.* In fact, 17% among these refugees believe to have now settled – and would like to stay – in Jordan, while 45% said that they have nowhere else to go (remaining respondents said that they have no such plans because they do not have the money or because travel is not safe). Only a small share of the interviewed refugees reported having ‘strong plans’ to relocate abroad (i.e. they have started the official resettlement process, mostly towards joining family members or other relatives abroad). Some refugees have ‘moderate plans’ in the sense that they have only asked to be resettled elsewhere, while those with ‘vague plans’ simply state that they would like to go somewhere else. **Requested and actual resettlements are rare also at the national level.** Between 2014 and end April 2018, a total of 74,722 refugees (91% Syrians) in Jordan submitted requests to resettle, while only 35,418 (85% Syrians) actually departed/resettled.⁸⁰ In relative terms, the numbers of cumulative submissions and departures between 2014 and 2018 represent only 10% and 5% respectively of the current registered refugee population.

Exhibit 13. Future Plans



n=93

Future aspirations rather reflect the **strong propensity of refugees to gain their own economic independency, or at least reinforce their economic position.** In this regard, the option to ‘set up (or develop) a business’ is preferred to ‘find employment’. The entrepreneurial spirit is slightly stronger in Zaatar (where 31% of respondents have a strong plan to start, or develop, their own businesses) than in Amman (24%), which is plausibly a reflection of the greater possibility of doing informal business with the context of a settlement. A good number of women (23%) also have strong plans to start (or develop) their own, mostly home-based, businesses. As mentioned in Section 5.3 above and stressed by other studies,⁸¹ Syrians in particular are reputed for their entrepreneurial spirit (especially in specialty trades like construction and services). In general, self-employment is either a matter of instinct or choice driven by necessity. Either way, refugees’ resilience can serve as an important asset also when starting up a business

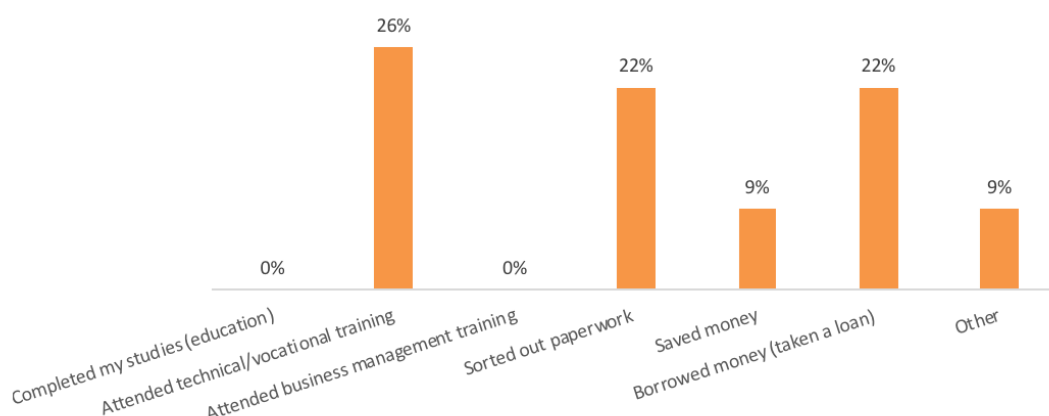
⁸⁰ UNHCR, *Resettlement Data Finder*.

⁸¹ See for instance ILO, *A Challenging Market Becomes More Challenging: Jordanian Workers, Migrant Workers and Refugees in the Jordanian Labour Market*, 2017.

as an alternative to unavailable or menial jobs.⁸² It should also be pointed out that foreign entrepreneurs could serve as vehicles of innovation in terms of opening new potential market niches.

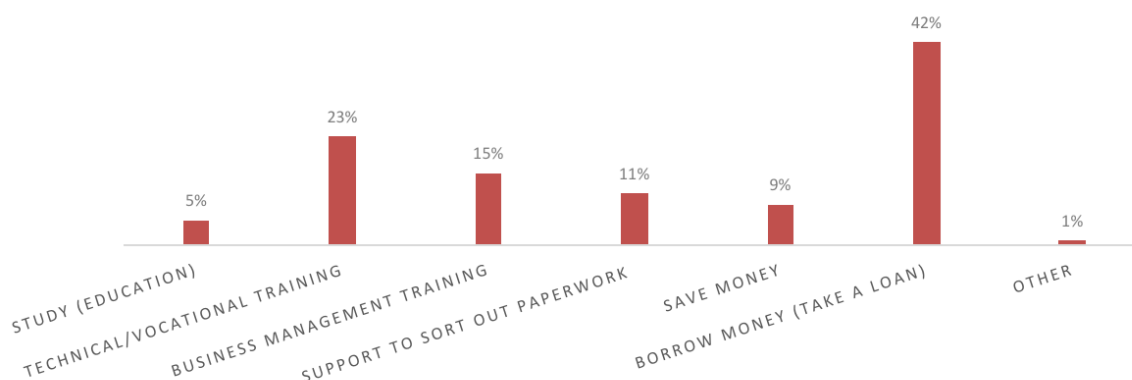
A good number of respondents with a plan (any plan) **have already taken some steps towards realizing their goals**, with the Zaatari residents seemingly somewhat more proactive than the self-settled refugees in Amman. Already adopted measures most commonly include the completion of technical/vocational training provided by national and international NGOs (see also Box 11 in Section 5.6 below), the sorting out of paperwork, and the borrowing of money (of an average amount of JOD 2,817; ~USD 3,944). A smaller share have also accumulated dedicated savings (of an average amount of JOD 1,525; ~USD 2,135). Finally, **in line with the lack of capital being perceived as one of the most important obstacles to doing business** (see below), **two fifths of Zaatari and Amman refugees are seeking to borrow money in order to pursue their objectives**.

Exhibit 14. Steps already taken towards achieving plans (Zaatari)



n=23

Exhibit 15. Steps still necessary in order to realize plans (Amman + Zaatari)



n=93

⁸²IOM, *Microfinanza, and Microprogress. Studio di fattibilità sulle opportunità di microcredito in favore di titolari di protezione internazionale, 2011*. The resilience of refugees as an asset was also pointed out by a couple of interviewed stakeholders.

Challenges. Notwithstanding their great efforts towards gaining economic independency, refugees are faced with a good number of challenges when it comes to employment or business activities. The three most quoted challenges during the FGDs and interviews with refugee enterprises and other relevant stakeholders include (in order of stated importance):

- **Lack of capital** – with no (or very restricted access) to formal services and insufficient amounts of informal funding (see also Section 5.6 below), this is perceived as the greatest obstacle by most FGD participants and interviewed entrepreneurs
- **Restrictive regulations** – as outlined in Section 4.2 above, the current regulatory framework makes it difficult, or indeed impossible, to formalize employment opportunities and self-owned business activities in certain areas (many of which, such as trade and artisanry, are sectors/professions in which Syrian refugees in particular are experienced and skilled). Most business activities led by refugees are consequently informal enterprises (including HBBs). This informality status, however, does not facilitate the economic survival or growth of businesses, i.e. it is hard for informal businesses to expand commercial volumes – thus reaching economies of scale – and to link up with formal value chains. Informality is hence a sort of ‘sentence’ to remain at very micro levels of activity.⁸³

“We want formal jobs, not informal ones.”

“Getting a work permit is not easy and even if you get it you cannot work in another area.”

“We cannot start our own formal businesses.”

- **Transportation** – as also highlighted by recent ILO studies,⁸⁴ the availability of transportation (especially for those living in isolated settlements) plays a crucial role in facilitating or, on the contrary, hindering access to work. Transportation is also paramount for guaranteeing the regular provision of supplies for businesses within the settlements. Limited mobility in general undermines the transportation of commercial goods inside and outside the settlements as well as the establishment of links with non-refugee clients and suppliers beyond settlement borders. Refugees living within settlements need authorization to leave and return. Permission to exit and re-entry settlements can last from one day to one month, depending on refugees’ needs (and types of work) and with the possibility of renewals (refugees with work permits do not need authorization to leave the settlements. i.e. work permits are recognized as exit and re-entry permits).

“Syrian driver licenses are not valid and we cannot own our own vehicles – bicycles are not enough.”

“The cost of transportation is very expensive.”

Some women and some somewhat older male refugees also mentioned the **lack of certain skills** as a challenge (*“We need training”*). However, as also pointed out in Section 5.3 above, Syrian refugees in particular are generally recognized for both their skills and entrepreneurial spirit. Indeed, those respondents who are either already skilled and experienced in their line of profession or have participated in vocational or technical training programs in Jordan report some level of frustration for not being able to

⁸³ Some male refugees in Amman expressed great concern over getting involved in any informal business activity (or illegal employment) because of the perceived risk of detention (or even deportation) in case of non-compliance with Jordanian laws. Such concerns were voiced by self-settled refugees, since informal business activities are allowed within the settlements (see Section 4.2 above).

⁸⁴For example ILO and IFC, *Examining Barriers to Workforce Inclusion of Syrian Refugees in Jordan*, July 2017.

practice what they already know or have learnt.

"I have attended training to make handmade accessories and I would like to work on my own, but how can I get the basic equipment to start?"

"I want to be an active part of Jordanian society, I have the skills and professional experience and can work and give my contribution, but so far the most I can do is volunteering."

Furthermore, challenges to find employment opportunities reflect the heterogeneity of hurdles hampering refugees' – in particular women's – general social and economic inclusion. As largely confirmed by the FGDs, **women's employment access is often hindered by cultural biases and/or by the necessity to look after their children or other dependents**. In fact, even when concrete employment opportunities are offered to women, some women are unable to accept positions which takes them away from their homes. For example, within the framework of an initiative supported by a CSC in Amman, 30 women participated in training to work as seamstresses in a clothing factory, but only 3 accepted the regularly paid positions that were offered to all trainees. Given the cultural and/or childcare constraints, a good share of the consulted unemployed women (especially in Amman) would welcome the opportunity to work from home.⁸⁵ On the other hand, it should also be noted that, in some cases, the refugee crisis has put Syrian women in the condition to take on a working and financial role that – although driven by necessity – for all intents and purposes is more proactive than the role they had in their home countries. This is especially true for less educated former housewives (*"In Syria it was a male-life. Now you can see the ladies going out to work and the men sitting at their houses. This pushes women to become very committed and reliable when taking responsibilities, such as loans"*).

"My family does not want me to work."

"Fathers will not allow their daughters to work until they are 30 years old. And husbands do not accept that their wives' work can be the only source of income for whole the family. They feel ashamed and frustrated."

"It is shameful for a man to be economically dependent on a woman, he should be the one bringing money at home."

"We have to look after our children and paid daycare is expensive – at least 20 JOD per months and per child; and if we also have to pay 4 JOD daily for transportation to work our daily wage would be enough just to cover such expenditures."

"I have to take care of my disabled husband."

Opportunities. As presented in Exhibit 13 above, almost half of the interviewed refugees have either a strong or moderate plan or just an idea to start, or develop, their own businesses (among these, two thirds are men and one third are women). A ***spirit of entrepreneurship and 'appetite for business'*** were also

⁸⁵ Furthermore, a UNHCR skills assessment notes that: *"When willing to work, females are more selective than men and seem to attach more importance to working conditions or working environment. (...) Although women are generally more educated than males in the camp, the majority is not willing to work outside the camp mainly for personal reasons or because they are working in the camp (cash for work)." UNHCR, Assets of Refugees in Zaatari camp: A Profile of Skills, November 2017.*

manifested among those FGD participants who did not take part in the individual interviews. The plans or ideas identify a selection of sectors with ‘business opportunities’ (“*I have studied the market and I know that this kind of business can work in Zaatari*”). Women generally prefer activities that they can perform from home, such as cooking / food processing, beauty or hairdressing salons, and tailoring (even if some Zaatari residents pointed to a saturation of the tailoring market within the settlement).

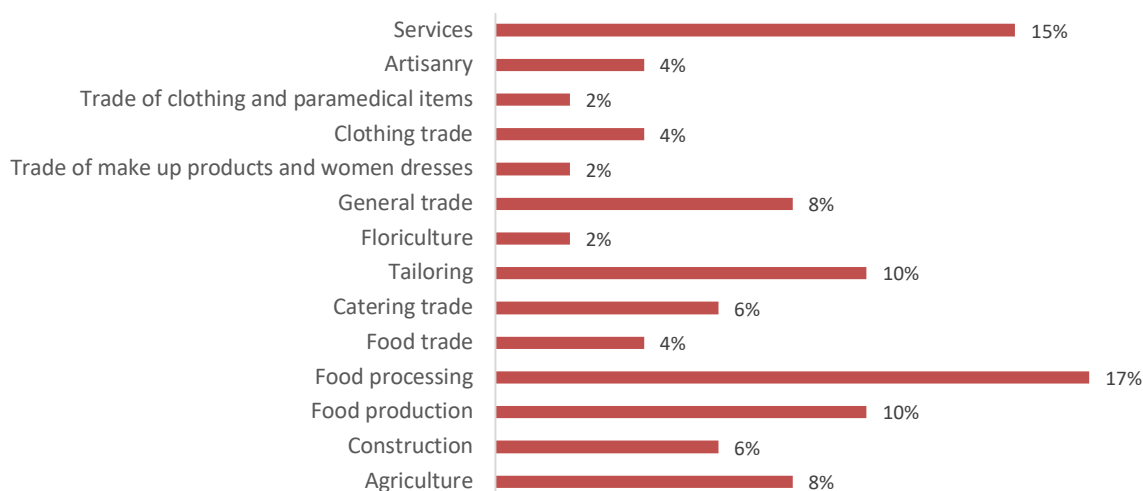


Exhibit 16. Target sectors

n=43

In practice, given the restrictive regulations, **formal employment opportunities beyond the settlements are limited to a few sectors**, notably agriculture and construction, but also – to some extent – manufacturing and certain services. However, formal business creation (i.e. beyond working as an employee with a work permit) in the open sectors of agriculture and construction likely requires some amount of investment in fixed capital/equipment beyond the micro level. Also, concerning agriculture, non-Jordanians cannot own land, but only lease it from Jordanian owners. With specific regard to potential agricultural/farming sectors, the marketplace assessment presents the value chains of three core food items – poultry, cucumber and rice – which are part of the staple diet of both Jordanians and Syrians. While the cucumber and rice sectors look less promising or accessible,⁸⁶ the **poultry sector could offer some opportunities to refugee farmers**. The value chain of poultry involves a number of medium and small commercial actors, such as hatching and breeding operators, broiler farmers, and slaughterhouses. The per capita consumption of poultry meat in Jordan is higher than in many other countries and domestic consumption has increased significantly over the past 10 years. Please see also Annex 8 for a potential business case in the poultry sector presented by a Syrian refugee Zaatari.

Despite their limitations in terms of growth and the risks of non-compliance beyond settlement borders, **informal enterprises and HBBs currently represent valuable livelihoods opportunities** for refugees. It is primarily in informal businesses that refugees have more chances to invest their professional and limited economic/financial capital. In the bustling and vibrant marketplace of Zaatari, like any medium-sized commerce-oriented town, there is a preponderance of retailers selling clothing (including bridal gowns),

⁸⁶ The cucumber market has suffered greatly from the closing of the Syrian and Iraqi border and Jordanian farmers are currently suffering from large declines in profits. Competition is high and with limited room for new actors. Rice is not produced in Jordan because of the crop's intensive water demand. The supply chain is therefore mainly linked to packaging and distribution (wholesalers and retailers), sectors where refugees are not authorized to establish their own businesses.

food (including fruits, vegetables, meat, sweets, falafel, hummus, nuts, bread, etc.) and other household necessities, as well as artisans (bicycle repairers, tailors, etc.) and other service providers (electricians, barbers, beauticians, etc.). Seemingly relatively few businesses are engaged in manufacturing and crafts due to inability to make the required investments and insufficiency of processing means. Outside settlements, even if HBBs are commonly intended more as an ancillary support to a household's economy rather than as a proper sustainable business, they do represent an important source of income to many refugees, in particular women, as working from home allows them to overcome the main hurdle of childcare. Furthermore, HBBs do not have relevant fixed cost and are easy to manage. International and Jordanian NGOs sometimes incentivize home-based business activities also outside settlements. For example, particularly catering to HBBs, some CSCs in Amman, also in collaboration with 'external' NGOs, provide vocational training (especially for women and youth) in the areas of food processing and pickling, gardening, crafting (such as mosaic making), and creative filming and photography. However, given the recent Cabinet decision that Syrian refugees (just like other non-Jordanians) are not allowed to engage in HBBs beyond settlement borders (see Section 4.2 above), actual informal micro or home-based opportunities as well as support provided to such activities outside settlements are expected to become even more limited (*"We used to work with HBBs, but not anymore because they are considered illegal by the Government – we can only work with legal projects; i.e. with what, according to our understanding, are considered as legal"*).

Box 9. Business Stories – Opportunities and Challenges

A. is a Syrian refugee living in Zaatari with Jordanian relatives (part of his 'tribe'). He has a work permit and does stone and brick work (construction of walls around farms, etc.) outside the settlement, currently renting his equipment. He has a long-standing experience in this line of work from Syria. He earns around JOD 720 (~USD 1,008) per month. He inherited and owns land in Jordan, even if it is not officially in his name (since he is Syrian, the official land title is in the name of a Jordanian relative of him). He currently 'employs' around 40 people (not all with work permits), by facilitating work and bringing them to the work sites. He hence has to transport his 'employees' every day, but since he cannot drive himself (his Syrian driving license is not valid and he cannot own nor rent a car), he has to pay around JOD 50 (~USD 70) per day for transportation.

F. is an experienced Syrian entrepreneur who used to export pickles from Syria to Jordan before the Syria conflict. Upon arrival in Zaatari, he restarted his business activity by mobilizing his Jordanian business contacts for financial resources and support. He knows the market, delivery channels and suppliers. This business is a way for him to *"make ends meet in a dignified way"*, earning around JOD 400 (~USD 560) per month.

M. is a young Syrian woman with a HBB in Amman. She used to be a housewife in Syria. Upon arrival in Jordan in 2013, she first attended a six-month vocational training to become a beautician and then worked for a beauty parlor for almost 1 year and a half before starting her own (informal) business in 2016. She sells cosmetics and creams and earns on average JOD 200 (~USD 280) per month. Her main challenge is the lack of capital to develop her business (*"I want to purchase newer products to expand my clientele – beauty work is a good sector for me; I can work from home taking care of my children at the same time. Women client feel comfortable being served at home by another woman"*).

Conclusions – Future Aspirations, Challenges and Opportunities. Even if a portion of refugees plans to resettle or nurture the hope of eventually returning to their home countries, future aspirations on part of interviewed refugees (also women) are mostly related to gaining economic independency either by finding a job or, more commonly (especially in Zaatari), setting up their own business. Some of those with a plan to start (or develop) their own business activity have already taken some measures (mainly undergone training and borrowed some money, but also accumulated savings), while a good number also need additional credit in order achieve their goals. In fact, the lack of capital is emphasized as the primary challenge refugees face when seeking to engage in employment or business activities. The restrictive regulatory framework and lack of (or expensive) transportation are also reported as important obstacles. Women's job participation is also hampered by cultural biases and/or the need to take care of children or other family members.

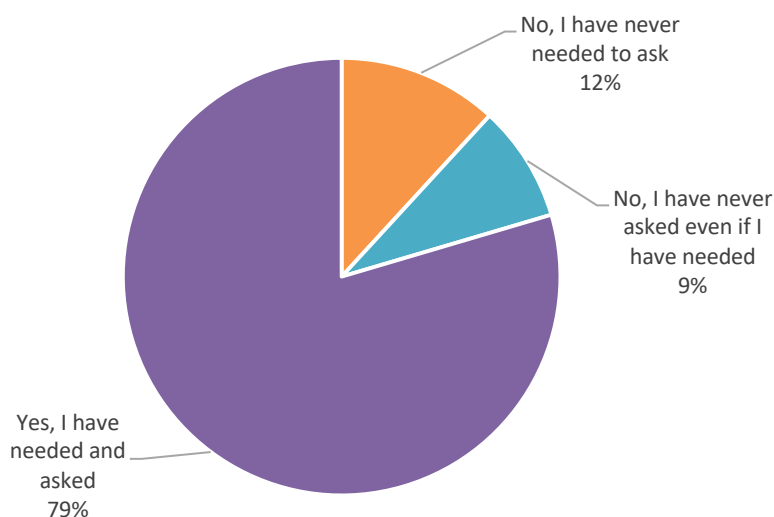
Notwithstanding these challenges, consulted refugees manifest a remarkable spirit of entrepreneurship and 'appetite' for business. Entrepreneurially-oriented refugees identify potential business opportunities in a range of areas, with women generally preferring activities that they can perform from home. With formal livelihoods engagement limited to the open sectors of agriculture, construction, manufacturing and some services, informal and home-based enterprises (despite their limitations in terms of growth and the risks of non-compliance beyond settlement borders) currently represent the most likely opportunities for refugees to invest their human, social, professional and economic/financial capital.

5.6 Access to Financial and Non-Financial Services

Past and Present Financial Practices. Outcomes from the FGDs point to a **limited level of formal financial inclusion in the home country** (i.e. Syria). Only a handful of Syrian refugees (mainly men) had a current or savings account with a formal financial institution. The use of formal credit was slightly more common, with some (again, mostly for men) having received business or agricultural credit as well as student loans or credit for consumption purposes (including the purchasing of cars). On the other hand, FGD participants reported on a **widespread use of informal (or semi-formal) services in Syria**. Almost all female participants were part of savings groups (Jamiyat) and accumulated savings were commonly used to invest in valuable assets (such as land, home improvements, livestock, jewelry, etc.). Borrowing from family members and other relatives, friends and employers was also common while in Syria (for both women and men).

Beyond the ATM card with IRIS scan (through which refugees receive cash or money-for-food assistance), the **use of (and indeed access to) formal services in Jordan is very limited**. The financial inclusion study estimates that only 7.5% of registered refugees have an account with a formal financial institution (compared to 19.3% for lower income Jordanians). Furthermore, even if the use of savings groups on part of FGD participants was very common in Syria, this practice has not (yet) been replicated in Jordan. Only a few women (both in Amman and Zaatari) participate in rotating groups with 10 to 15 members (including also Jordanians in Amman) and a share of JOD 10-20 (~USD 14-28) per week (at the end of the cycle, allotted amounts are commonly used for preventive or emergency medical purposes, such as childbirth or surgeries). Among the interviewed refugees who save (one fifth), the great majority simply keep their savings in cash at home. With regard to borrowing, the **majority (four fifths) of interviewed refugees have borrowed money** at least once since they arrived in the country. An additional 9% have needed but never asked to borrow. The practice of borrowing is somewhat more common/necessary in Amman (86%) than in Zaatari (71%). In fact, in Zaatari, one quarter of respondents have never asked or needed to borrow. Finally, the most common reasons reported for borrowing are to address emergencies and medical needs as well as, in the shorter term, to meet consumption needs (i.e. store credit).

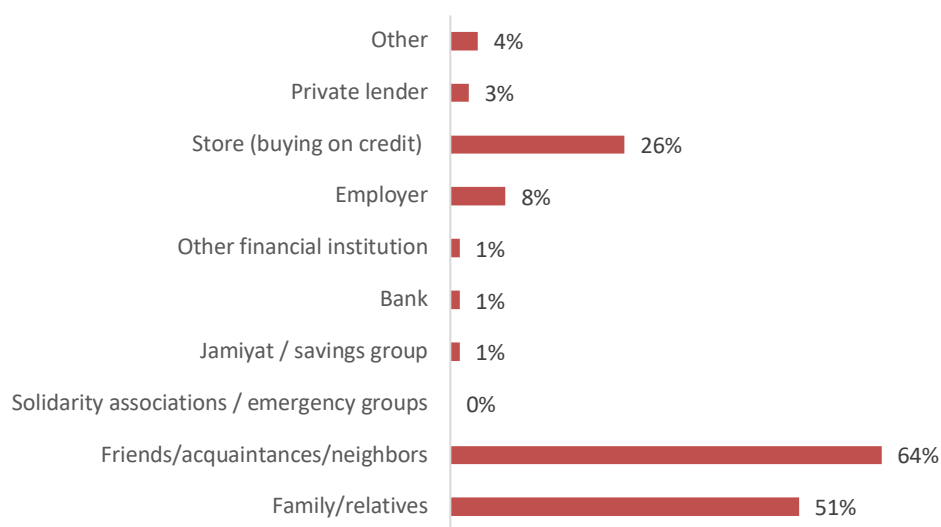
Exhibit 17. Borrowing practices in Jordan



n=93

Most respondents borrow either from family members or other relatives (half, more in Zaatari) **and/or friends, acquaintances and neighbors** (almost two thirds, more in Amman).⁸⁷ A quarter also buy on credit in stores. Only a couple of refugees have made use of formal credit, namely two women in Zaatari who have borrowed from the Mafraq branch of the Microfund for Women (MFW – see Box 4 in Section 4.3 above).⁸⁸ This represents quite an endeavor on part of the clients since they first have to request authorization to leave the settlement and then travel from Zaatari to Mafraq each time (i.e. monthly) they have to repay the loan. Limited access to formal credit is confirmed also by the financial inclusion study, which estimates that only 1.5% of refugees have borrowed formally (compared to 5.6% for lower income Jordanians). In general, as mentioned in Section 4.3 above, attention to the refugee segment on part of financial institutions is very low.⁸⁹ The study consequently also confirms that informal loans are the most common widespread sources of debt among refugees (but also for Jordanians).⁹⁰ Finally, the use of private lenders is limited only to some cases in Amman (resorting to private lenders is also very uncommon among the respondents of the baseline demand-side study).

Exhibit 18. Sources of borrowing in Jordan



n=74 (% numbers add up to more than 100, since some respondents ask to borrow from more than one source)

⁸⁷ Reliance on friends and family as a source of credit is also confirmed by a 2017 survey of 272 cash assisted Syrian refugee households (with 72% borrowing from either neighbors or relatives). *UNHCR, Post distribution monitoring report 3rd quarter 2017–Cash Assistance for Syrian Refugees, 2017.*

⁸⁸ One of these women only participated in the FGD and is hence not recorded among the 93 interviewees.

⁸⁹ For example, the financial inclusion study reports that: “Somewhat surprisingly, MFIs can be rather strict in their approach to lending to non-Jordanians, despite taking a leading role in lending to other vulnerable segments. One major MFI stated that they only lend to Jordanians, since they consider lending to foreigners too risky and since refugees are ‘already getting enough support.’ Another MFI indicated that it can lend to non-Jordanians, but only if they have a Jordanian identification card, present a Jordanian guarantor, and are an entrepreneur (non-Jordanian salary earners are not eligible).”

⁹⁰ In Jordan, borrowing from family and friends is the first source of credit (11.3% of respondents), followed by banks (4.3%) and MFIs (4.2%).

As mentioned in Section 5.4 above, only a handful of interviewees (6% of the sample) report **remittances** as a source of income. In comparison, the financial inclusion study reports that 24% of refugees make use of formal remittance services (compared to 17.8% of lower income Jordanians). In addition, the use of informal channels (such as hawala networks – see further Box 10 below) is also common.

Box 10. Hawala Networks: Tracing the Pattern of Informal Remittances

“Refugees hail from countries where daily practices include sending and receiving money at the counters of local traders – generically called the hawala. Many of these traders are money agents and legally registered. Smaller ones typically are not registered. Some hawaldars – traders who operate the hawala – offer customized services that shunt refugee deposits directly to smugglers as payment for services already rendered. For refugees, this “guarantee system” allows them to deposit funds with the hawaldar at the beginning of a journey. When a refugee has safely reached his negotiated waypoint, he signals the hawaldar to release funds to the smuggler for the leg of the journey just completed. Such transactions can take place across many journey waypoints until a negotiated interim or final destination is reached.”

Source: Kim Wilson. “Financial Inclusion in Refugee Economies”. The Fletcher School, Tufts University Roxani Krystalli, Feinstein International Center. February 2018.

“In case of emergency we borrow money from friends and neighbors or we wait our turn for the joint savings from Jamiyat. In case of need we also sell less useful items of the house.”

“We can take informal loans from each other because we trust each other.”

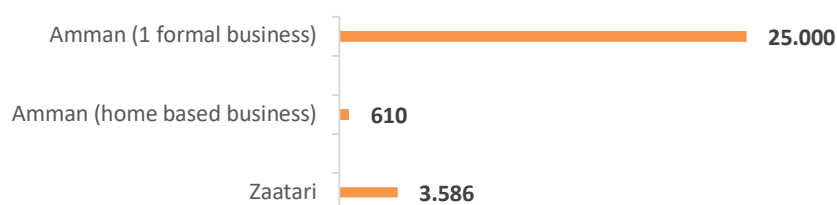
Needs for Financial Services. Even with limited formal financial services experience, **FGD participants unanimously state that they would trust financial institutions.** This general trust is wisely accompanied with a prudent attitude of needing (and wanting) to learn about the exact conditions of any product. Also, a good number of refugees are aware of the regulatory constraints (in terms of ID requirements) hampering their access to, for example, bank accounts. The baseline demand-study assessed the level of trust in sources of information concerning financial products and most respondents said they trust television (64%) and/or radio (41%), while they also tend to rely on experiences of family and friends.

With regard to credit, interviewees and FGD participants are in general remarkably **oriented towards business loans rather than credit for consumption purposes** (*“There is no need to take a loan if it’s not for business”*). Given the diverse contexts of Amman and Zaatari, there are also differences in terms of the size of credit needed (or ‘requested’). Thanks to the vibrant proximity of the marketplace, residents in Zaatari seem fairly aware of the financial quantum needed for setting up a microbusiness activity, with estimates ranging from JOD 300 (~USD 420) for initial home-based activities to JOD 2,000 (~USD 2,800) for more established marketplace activities. The higher figure looks quite consistent with the data gathered from the enterprise interviews with Zaatari marketplace businesses, which indicate a median initial investment amount of JOD 2,200 (~USD 3,080).⁹¹ In Amman, the main reference type of business activity is HBB, promoted mainly by women with the support of national and international NGOs. HBBs represent a significantly lower financial need and capacity than other types of businesses. Starting investments for HBBs are mainly dedicated to the working capital necessary to start activities – such as making clothes, selling cosmetics, etc. – as no fixed costs are incurred (unless part of the housing rent is considered as a business cost). Conversely, consulted men in Amman would rather request a ‘standard’ banking loan ranging between JOD 20,000 (~USD 28,000) and JOD 50,000 (~USD 70,000) because of higher fixed costs of

⁹¹ The average value is skewed upwards by two ‘larger’ scale enterprises.

‘proper’ formal activities (not HBBs) in urban areas (“We want to do formal businesses, not informal ones”).⁹² Regarding the sources of start-up capital, all interviewed enterprises were set up through private investments on part of the entrepreneurs and/or through loans provided by relatives or friends. None of the businesses were set up by means of formal loans. Also the formally registered food-packaging company in Amman, owned by a Syrian refugee and with an annual turnover of JOD 245,000 (~USD 343,000) and between 5 and 8 employees depending on the season, started its activities with a JOD 25,000 (~USD 35,000) investment financed entirely with the owner’s savings. See also Annexes 9 and 10 for two specific business cases among the interviewed enterprises (one in Zaatari and one in Amman).

Exhibit 19. Average start-up investment (fixed+working), JOD



Seven of the 12 interviewed enterprises call for formal **business credit** to expand and develop (as well as start for the two projected business cases) their activities, as informal loans are commonly not enough. Also at the national level, as reported by the financial inclusion study, many SMEs, given the challenges they face in accessing financing from FSPs, turn to semi-formal sources of credit such as supplier or customer credit in order to finance working capital needs. While in Amman only one of the HBBs desires a loan of JOD 1,000 (~USD 1,400) to expand its business as a beautician and the formal business owner requires a JOD 25,000 (~USD 35,000) loan to invest in new machinery, the average loan size requested by the Zaatari enterprises amount to around JOD 4,000 (~USD 5,600). In addition to business credit, consulted enterprises also desire products for **making and receiving payments** as well as **storing greater amounts of earned liquidity** (even if Zaatari enterprises currently do not perceive storing money at home as a security risk – “It is safe where I keep it”). In order to not store too much cash, many Zaatari entrepreneurs report paying both suppliers and employees on a daily basis. The remaining five enterprises said they do not need a loan or any other kind of formal financial services.

With respect to product features, FGD participants expressed a **preference for individual loans**, showing instead a scant interest in, and indeed awareness of, group loans. However, some pilot initiatives (such as that of MFW, but also in other countries)⁹³ suggest that it is advisable to start through a step-by-step approach based on lower-risk products – such as group loans – and move gradually towards individual loans. In terms of **pricing**, only a small share of FGD participants expressed a preference for Islamic finance compliant rules, not allowing interest rates on loans because of the Riba prohibition.⁹⁴ The majority are hence used to the concept of interest and willing to pay (even if some say “unless it is too high”; without, however, being able to specify what ‘too high’ means to them). Nevertheless, the financial inclusion study highlights that Islamic finance plays a relevant role for financial inclusion in the country, with 22% of respondents indicating that they have not borrowed in the past year for religious reasons. Another two

⁹² The higher amount of JOD 50,000 is likely influenced by the former minimum capital requirement for non-Jordanian investors.

⁹³ Based on, for example, the Consultant’s experience in Lebanon.

⁹⁴ “Islamic banking is based on the Quranic prohibition of charging interest and is widely regarded as the fastest growing sector in the Middle Eastern financial services market. It is important then to understand the principles of Islam that underpin Islamic finance. The Shariah consists of the Quranic commands as laid down in the Holy Quran and the words and deeds of the Prophet Muhammad. The Shariah disallows Riba and there is now a general consensus among Muslim economists that Riba is not restricted to usury but encompasses interest as well. The Quran is clear about the prohibition of Riba, which is sometimes defined as excessive interest.” C. Segrado, University of Torino, *Islamic microfinance and socially responsible investments*, August 2005.

studies also point to the importance of Islamic finance for enterprises, as 25% of SMEs in Jordan prefer Islamic to conventional financing⁹⁵ and 27% of micro and small enterprise (MSEs) have not taken a loan in the past 12 months because of religious reasons. Some stakeholders interviewed within the scope of this assignment also report on the poor being more sensitive to Islamic finance even if – eventually – interest rate is considered acceptable by most.

Furthermore, in Zaatari (and possibly also in the other settlements), there seems to be quite a consistent demand for **green energy products**, especially solar systems. Some of the interviewed refugees have purchased solar batteries on store credit⁹⁶ and this type of technology is increasingly adopted within the settlement (electricity is currently available only 10 hours per day/night). With starting prices at JOD 200-400 (~USD 280-560) depending on the quality and size, the design of credit products targeting the purchase of green energy technologies could represent a first and targeted step towards promoting financial services to the refugee population.⁹⁷

As also explicitly targeted by the national financial inclusion strategy (see Section 4.2 above), **DFS, especially mobile wallets**, could also play a role in the financial inclusion of refugees. With the current regulation (about to be finalized), mobile wallets can be opened with the MoI service card and used not only as transactional accounts, up to a limit of JOD 1,000 (~USD 1,400), but also as savings accounts, up to a limit of JOD 5,000 (~USD 7,000) accounts. Many refugees (and indeed all refugees interviewed within the scope of this assessment) have access to and feel confident in using phones and smartphones⁹⁸ and could hence be potential users of mobile wallets. However, the majority of FGD participants declare to be unfamiliar with DFS technologies (including mobile wallets⁹⁹) and generally express a scarce confidence in substituting cash with mobile money as well as a fear of being traced (*“I better trust my pocket for keeping cash rather than my mobile phone”*). Mobile wallet account awareness among respondents (especially women) in the baseline demand-side study is also very low (2%), even if they express enthusiasm over the potential of such a service. Consequently, mobile money – just like any other financial product/service, and channel – **needs to be accompanied by effective efforts to raise financial awareness and literacy** in order to scale up (this is acknowledged also by CBJ through its recognition within the NFIS of the importance of financial awareness and literacy). The relatively poor connections (both Internet and telephone) within the Zaatari settlement could also represent an infrastructural challenge to accessing DFS.

Financial Literacy and Non-Financial Services. When discussing potential product features, most FGD participants seemed to have little understanding of fair pricing (for both clients and institutions), credit reimbursement procedures, guarantees, risk assessments, etc. It is **crucial**, therefore, **to ensure a proper set of accompanying financial literacy services** towards increasing awareness, trust, and capabilities of demand. This would serve not only to provide better service to refugees, but also to reduce the implicit risks of these clients. While financial literacy is sometimes intended as clients’ awareness and understanding of different financial features of products, effective financial education should rather target the strengthening of financial capabilities – intended as capacity to set strategies for facing financial needs – of a person. For instance, the practice of tracking one’s financial inflows and outflows is one of the

⁹⁵IFC, *Islamic Banking Opportunities Across Small and Medium Enterprises in MENA*.

⁹⁶As an example, this store credit is provided to some Zaatari residents at only 6% per annum (instead of paying JOD 390 on the date of purchase, one refugee paid a total of JOD 440 – i.e. JOD 50 more than the original price – over the course of 22 months).

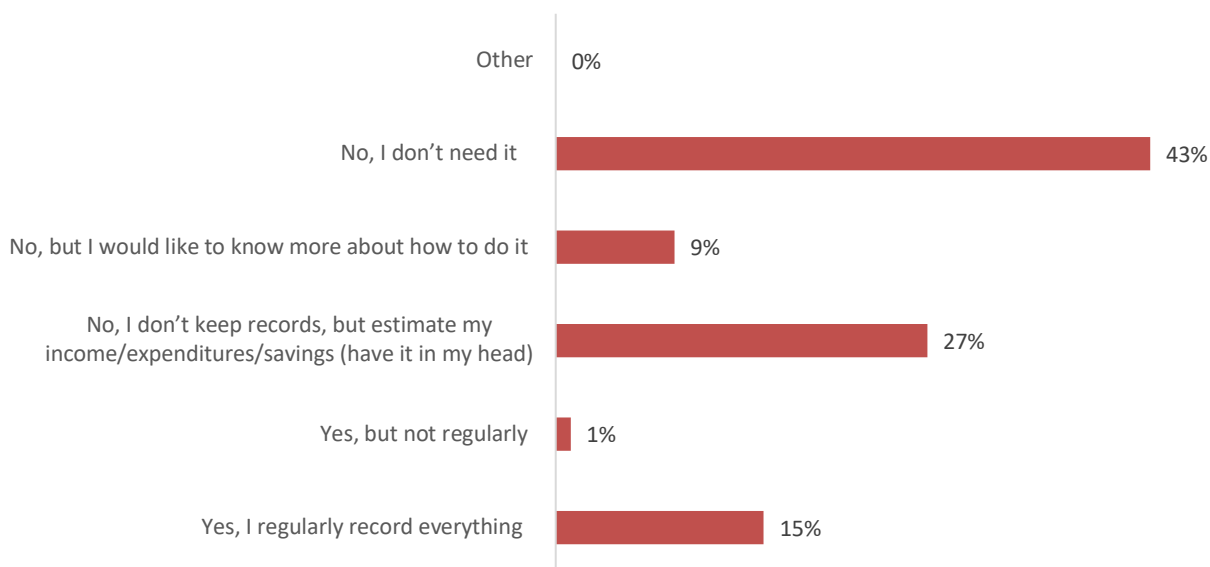
⁹⁷ The financial inclusion study also highlights the unavailability of energy efficiency and green products from banks to micro, small and medium-sized enterprises (MSMEs) in Jordan.

⁹⁸ Mobile wallets work both with smartphones and with mobile phones with more basic USSD features. 73% of the interviewed refugees have access to smartphones, while 27% have access to mobile phone with basic features. The baseline demand-side study also reports that the majority of Syrian refugees have a personal phone, while the remaining respondents have access to a shared phone.

⁹⁹See also Ipsos Public Affairs, *CGAP Baseline Demand-Side Study on Digital Remittances in Jordan: Key Qualitative Findings*, 2016.

fundamental pillars for improving the capability to proactively manage financial stress. However, almost half of the interviewed refugees said that they do not need to track their incomes and expenses (even if they did so in the past – “*Now I don’t need to because I do not have any money*”; “*What is there to keep track of; we have and do so little*”). An understanding of the usefulness of this exercise could increase thanks to even basic financial education.

Exhibit 20. Tracking of income and expenditure



n=93

The **landscape of the provision of non-financial services to refugees in Jordan appears quite fragmented** in terms of providers (with many different actors involved – see also Box 11 at the end of the section for some examples), continuity, and contents of services, which reduces the potential for creating synergies, outreach and economy of scale. At the national level, Jordan has achieved significant improvements in financial literacy in recent years and CBJ is supporting the introduction of financial education courses in all schools from grade 7. However, according to the financial inclusion study, financial education elements are rarely integrated into microfinance initiatives thus affecting the extent of well-informed decisions linked to the use of microfinance products.

Even if there are exceptions, some non-financial services initiatives offered to refugees by international and national NGOs focus more on vocational training (sometimes coupled with provision of small start-up grants or cash-for-work) and **tend to consider financial literacy and business orientation as an ancillary ‘soft skill’**. However, effective financial education training offers a very different approach, compared to vocational training and cash-for-work programs, as it focuses on people’s capacity to provide their own responses at individual/community level instead of relying on purely external support (in terms of jobs and/or capital). Commitment generally increases when attention is shifted from ‘cold money’ (intended as external financial support like grants, often fueling a sense of frustration and dependency) to ‘warm money’ (in terms of own savings/resources). Within the humanitarian framework, it would therefore be appropriate to combine vocational training, cash-for-work (and grants for business start-ups), and financial education and make them work in a complementary way, hence compensating for mutual deficiencies.

"Few months ago, I attended a course on business training. It positively changed my way of thinking and the way I am managing my money now."

"We don't need more vocational trainings, we already have the skills. We would rather like to do business trainings as to understand which sectors could be more suitable for a business investment and how to manage a business activity."

"I attended six vocational trainings including cooking, make up, how to make soap, hairdressing. At the end I could not work as I could not buy the necessary equipment. Not even a scissors for cutting my son's hair."

"We need to be pushed. We need to be encouraged, it is not a matter of skills, is a matter of gaining confidence in ourselves."

Box 11. Non-Financial Service Providers

The **Danish Refugee Council (DRC)** started its financial literacy activities in early 2015 by providing mandatory training accompanying the provision of housing grants. DRC operates in urban areas through five community centers as well as in the Azraq settlement at various training venues. DRC programs link financial literacy courses with the provision of business grants and employment-matching programs. DRC has also tried to connect its financial literacy activities with MFIs but with no evident results to date.

The **Jordan River Foundation (JRF)** offers financial literacy as well as micro and small enterprise training through various initiatives across Jordan. In 2017, around 1,500 Jordanian nationals and Syrian refugees benefited from such trainings. JRF programs are tailored to the needs and capacities of beneficiaries, hence the duration of each training may vary depending on the results of the need assessments. Topics include life skills, employability and microbusinesses. Once trained, selected beneficiaries are accompanied by mentors. All JRF activities include a mix of Syrian refugees (30%) and low-income Jordanians (70%). As of 2017, JRF is engaged in a joint initiative with CBJ to improve the financial skills of adults (at three training levels – basic, intermediary and advanced) in close collaboration with local community-based organizations (CBOs).

The **Norwegian Refugee Council (NRC)** also operates throughout the country. For example, in Zaatari it manages two youth centers providing vocational training to people aged 16 to 32. In one center, youth learn technical skills (plumbing, etc.), while the other center is used for practice linked with real projects in tailoring and general maintenance (such as welding, carpeting, painting, etc.). Sometimes these projects are linked to cash-for-work programs or selected for receiving grants of JOD 500-700. Accompanying 'soft skills' training includes general life skills as well as basic business skills (budgeting, etc.).

Other agencies and NGOs providing financial literacy and business training services to refugees include the USAID LENS program, the International Rescue Committee (IRC), Mercy Corps, and the Near East Foundation (NEF).

Box 12. Alternatives to Cash Assistance

In 2018 UNCHR – in collaboration with DRC and JRF – will launch a pilot project aimed at promoting alternatives to cash assistance through the livelihoods sector. The goal is to reach the most vulnerable refugees by focusing on mitigating the economic impact of a reduction in assistance on households. The intervention will focus on referrals, i.e. those individuals or households on the waiting list for cash assistance and hence not being supported.

The initiative seeks to leverage UNHCR's coordination and convening capacities to connect beneficiaries to an appropriate set of services, including financial literacy, coaching and transfer of assets/resources as start-up capital, child care vouchers, cash for transportation, etc. UNHCR will focus on areas where its livelihoods partners currently have relevant operations, namely Amman, Greater Irbid and Mafrq, as well as follow-up on livelihoods cases from 2017 in Karak and Madaba.

The initiative moves from the positive experience of the '**graduation approach**'¹⁰⁰ already piloted in other countries, such as Egypt. The approach combines microfinance services/providers with UNHCR's livelihood competency to help address the needs of those who are too poor for microfinance services, including refugee populations. This is an interesting example of collaboration between actors providing a different and complementary set of livelihood services, including non-financial services. The graduation approach has been appreciated by the MFIs working with refugees in different contexts and can pave the way for further joint intervention involving agencies and NGOs providing non-financial services as well as microfinance actors.

¹⁰⁰ The graduation approach was first developed by BRAC in Bangladesh, one of the world's largest non-governmental development organizations. UNHCR is now working with BRAC and other development partners to implement the approach among refugee populations in urban settings. See more on UNHCR Graduation Approach at <http://www.unhcr.org/55005bc39.pdf>.

Conclusions – Access to Financial and Non-Financial Services. Despite the common use of savings groups in Syria (especially on part of women), this practice has not (yet) been replicated in Jordan. With very limited access to formal financial services in Jordan (and Syria), most refugees rely on informal sources of credit by borrowing primarily from family and relatives as well as friends and neighbors. While reliance on informal financial services can be considered as sufficient by some refugees,¹⁰¹ the intense informal financial practices point to a situation of actual need. Furthermore, individual bonds represent the backbone of refugees' financial networks and peer-to-peer practices play a role in consolidating and shaping social connections within communities (which is the core of many informal, and semi-formal, economies worldwide).

However, credit amounts available through informal sources are usually not sufficient. Refugee respondents are mostly geared towards business loans, ranging from JOD 300 (~USD 420) to JOD 4,000 (~USD 5,600). Amounts needed (or requested) are generally higher than the average-sized microfinance loan in Jordan.¹⁰² In fact, there is a general preference for individual loans, with a limited interest in – or indeed knowledge of – group loans. While the concept of fair pricing is not always clear, most respondents are willing (as well as used) to pay interest. Interviewed enterprises are also interested in payments services as well as storage of some earnings. Furthermore, the financing of green energy products could provide a first and targeted step for the provision of credit within settlements. Finally, DFS (and especially mobile money wallets as indeed targeted by the NFIS) could play a role in the financial inclusion of refugees in Jordan if accompanied by efforts to raise financial awareness and literacy. In fact, the parallel provision of non-financial services – primarily financial education and business management support – is considered crucial for an effective and sustainable financial inclusion.

In conclusion, limited access to formal financial services on part of refugees is generally caused not only by actual regulatory barriers (such as the lack of a national ID) and restricted outreach on part of FSPs due to concerns over flight risk and/or absence of collateral assets, but also by poor financial capabilities on part of clients as well as a fragmented offer of accompanying non-financial services.

¹⁰¹ Indeed 38% of respondents (61% among them women) in the baseline demand-side study say they do not need to use formal financial services. Another 24% say they do not use formal services because they do not have enough money.

¹⁰² I.e. average loan disbursed JOD 928 (~USD 1,299) and average outstanding loan JOD 549 (~USD 767). *Tanmeyah, Members' performance report Q4 2017*.

6 Summary Conclusions and Recommendations

6.1 Summary Conclusions

“It is a feat not of intellect, but of will. It is a special case of the social phenomenon of leadership. Its difficulty consisting in the resistances and uncertainties incident to doing what has not been done before, it is accessible for, and appeals to, only a distinct type which is rare.”

(J. A. Schumpeter on the innovative power of foreign entrepreneurs, “Successful innovation”, 1928)

General Considerations. The assessment ***focuses primarily on Syrian refugees*** even if a handful of individuals from other countries of origin were also consulted. This composition reflects the refugee context at the national level, with Syrians representing 89% of the total refugee population in Jordan. Consulted secondary sources also primarily concentrate on Syrian refugees. Even if the vast majority of Syrians have been in Jordan for around five years, their ***level of financial inclusion*** – and consequently economic independency – ***is very low*** due to the limited accessibility of financial services as well as the lack of basic financial capabilities and the fragmented offer of non-financial services. As presented in Section 3 above, refugees in a protracted condition of displacement are usually in need of a variety of financial services, such as savings products, microcredit for business and consumption, mortgage/home improvement loans, remittances, health insurance, etc. Actual access, however, does not include any of these services, except at a very micro scale. On the other hand, assessment findings point to the demand for a range of financial and non-financial services, which is confirmed also by the outcomes of previous research carried out by UNHCR/SPTF on the financial needs on part of refugees in situations of protracted displacement.¹⁰³ In fact, ***there is an interesting demand for financial services on part of refugees, which – if properly accompanied – can provide a potential market for FSPs, especially microfinance actors.***

Syrians generally confirm their reputation of having a strong entrepreneurial spirit and ‘appetite for business’. Many respondents report on well-founded entrepreneurial projects, expressing in general clear ideas on available market opportunities. The sectors primarily targeted by consulted women include home-based tailoring activities, beauty salons and food processing, while male participants more commonly prefer restaurant services, manufacturing, dairy farming, poultry and computer maintenance services. Most current businesses activities led by refugees are informal, either in the form of microenterprises or HBBs. Despite difficulties faced by such enterprises – primarily due to the restrictive regulatory framework – they prove a good economic and social outreach and contribute to the economic self-sufficiency of the entrepreneurs’ households as well as provide employment opportunities for other refugees.

Most consulted ***refugees are willing to work, but employment opportunities are limited*** due to the generally difficult economic situation and the restrictive regulatory framework. The role of humanitarian agencies and NGOs hence remains a key support for the most vulnerable refugees (37% of refugee households are currently provided with either cash or money-for-food assistance). Private informal entrepreneurship initiatives are already well-established in Zaatari, but they are limited in their capacity to grow due to lack of financing and limited mobility of goods and people from/to the settlements. In Amman, where informal businesses (including HBBs) are not allowed, access to working opportunities are restricted to the sectors open for employment (for which Syrian refugees have preferential access compared to non-

¹⁰³UNHCR and SPTF (Hansen, Lene), *Serving Refugee Populations: The Next Financial Inclusion Frontier – Guidelines for Financial Service Providers*, March 2017.

Syrian refugees through the issuance of work permit) and business investments.

Several challenges hamper refugee engagement in either formal or informal employment opportunities and business activities. Firstly, **the lack of capital** is mentioned by most respondents as the primary obstacle to setting up or growing their own businesses. Amounts available through informal sources are insufficient and formal access is almost nil. Secondly, the **restrictive regulatory framework** limits opportunities for formal employment as well as self-employment to a few selected sectors. Furthermore, the recent decision that Syrian refugees are not allowed to engage in HBBs particularly constrains opportunities for women. Thirdly, availability and cost of **transportation** – especially for those living in isolated settlements – plays a crucial role in facilitating or, on the contrary, hindering access to work (transportation is also paramount for guaranteeing regular provision of supplies to shops and vendors in the settlements). Fourthly, **female job participation is sometimes hindered by cultural biases** on part of families regarding women's traditional role **and/or the necessity to look after their children** or other family members. Fifthly, some refugees (particularly older) indicate **medical problems or physical conditions** as the main cause for not working (as they are not able to carry on mainly manual labor or access vocational training programs).

The primary technical hurdle for the economic independence of refugees are the regulatory constraints, as they exclude refugees from sectors and activities (including HBBs) in which they could have better chances to express their professional capital. The **informal status of the enterprises**, also due to the regulations regarding the closed sectors, sentence them to stay at a micro level. Firstly, it is generally hard for informal businesses to expand commercial volumes – thus reaching economies of scale – and link up with formal value chains. Secondly, restrictions on the mobility of refugees living within settlements undermine the transportation of commercial goods inside and outside the settlements as well as the establishment of relations with non-refugee clients and suppliers outside the settlements. On the other hand, interviews conducted with enterprises showed that there is a **good level of interaction between Jordanians and refugees both at the supplier and client level**. Proximity and mutually supporting relationships between the Syrian and Jordanian communities assist in avoiding the creation of tensions between Jordanians and refugees (especially Syrians) at the **micro level**. Over the years – even before the Syrian conflict – Syrians and Jordanians have developed strong commercial and social connections which have often lasted/developed in Jordan after the start of the Syrian crisis. **Sources of conflicts are more likely to be triggered by macro levers** such as the tough situation currently faced by the Jordanian national economy, or large-scale aid distribution programs run by humanitarian agencies/NGOs that risk exacerbating a sense of competitiveness between refugees and low-income Jordanians. However, such tensions do not usually lead to extended clashes.

At the **formal level**, 'freelance' employment opportunities for refugees are available in the agricultural and construction sectors. However, enterprises operating in these two sectors are less likely to be 'micro', as they generally require high investments in fixed capital and/or labor. Furthermore, with regard to agriculture, it is not possible for a refugee to possess land (unless through a Jordanian front). These restrictions, coupled with **constraints in accessing financial resources**, hamper the establishment of formal enterprises (also in the open sectors).

Concluding Findings

- **Prospects for job opportunities look more promising in Zaatari** than in Amman, probably thanks to the fact that informal business activities are allowed within settlements. Nevertheless, in general, a large potential workforce is still untapped. The average refugee household income also turns out to be higher in Zaatari than in Amman. Overall, however, the average monthly income per capita of JOD 32 (~USD

45) recorded within this assessment is below half of the Jordanian per capita monthly poverty line.

- The refugee crisis has put some **Syrian women** in the condition to take on a more proactive role than what they used to in their home country. Despite being less economically engaged than men, some have improved their economic autonomy with regard to what was portrayed as a “male life” in Syria, having **demonstrated commitment and proven to be reliable when taking on financial responsibilities in Jordan**.
- **Semi-formal and informal financial practices used to be widespread in refugees’ countries of origin**. With regard to savings groups, however, even if they were commonly used in Syria (especially on part of women), they are seemingly not (yet) well established in Jordan. As private relationships prevail over informal and semi-formal organized groups, individual bonds form the backbone of their financial networks in Jordan.
- While the practice of borrowing is common (and more so in Amman than in Zaatari), median **levels of current debts are relatively reasonable** at JOD 195 (~USD 273) and a debt over monthly income ratio of 2.0. **A handful of refugee households are nevertheless quite severely over-indebted** primarily as a result of having borrowed larger sums to cover expenses for medical emergencies in Jordan or passage from Syria. The main sources of borrowing include family/relatives and friends/neighbors as well as store credit. The role played by peer-to-peer borrowing practices (more common in Zaatari) should not be underestimated in consolidating and shaping social bonds among communities, which is the core principle of many informal/semiformal economies worldwide. Access to formal loans is very limited, with self-financing (savings) or informal borrowing being the most common ways in which refugee entrepreneurs have started their own businesses. The provision of formal credit could possibly lead to over-indebtedness on part of some households in case loan products are not accompanied with financial education and/or a proper initial client assessment aiming at evaluating the real level of financial risk.
- Even if demand (as well as the financial inclusion challenge) is greater in urban areas where most refugees live, **Zaatari and other settlement contexts appear as less risky environments within which FSPs can initially approach the refugee market**. The settlement is a unique environment where basic needs are met by humanitarian agencies and the informal sector is allowed to develop and provide income opportunities for its residents. The Zaatari marketplace is an area with bustling and thriving activity, even if primarily limited to the confines of the settlement borders. Furthermore, given the proximity of households, news of reliable financial services can easily be spread by word of mouth. Initial engagement on part of FSPs can also be easier within a settlement because it is a circumscribed and known space, a sort of ‘forced’ sample with precise limits. Within the settlement context, business planning depends on the most crucial variables such as access/availability of raw materials and locations where to sell products (internal or external to the settlement). In urban areas, on the other hand, the endogenous economy constitutes a sub-economy embedded in and competing with the Jordanian context. In this regard, it is advisable to adopt a cautious value chain-oriented approach so as not to trigger excessive competition resulting in negative social effects within the host community.
- In Zaatari, the **relationship between refugees and humanitarian agencies and NGOs** also looks stronger than in Amman. On the other hand, self-settled refugees in Amman and other urban areas are, together with their host communities, assisted by UNHCR-supported community-based initiatives (namely the CSCs) through a wide range of services including training, counselling, provision of material, and financial support. Thanks to their territorial outreach, the CSCs could play a key role in paving the way for large-scale financial inclusion initiatives.
- Furthermore, the important role that humanitarian agencies and NGOs play in the private economy of some refugee households is evident also when considering the composition of income sources. **Cash**

and money-for-food assistance is an important source of income for just above one-third of all refugees.

- ***Aid/cash disbursements and international cooperation efforts are perhaps the primary (but not sufficient) sources of formal financial and non-financial services for refugees.*** While cash and money-for-food assistance is currently provided through ATM cards with IRIS scan for the more or less immediate withdrawal or payment (i.e. money cannot be stored on the ATM card which is not connected to a physical account), some agencies and NGOs are piloting the use of mobile wallet accounts (as also promoted by the NFIS). Such interventions can represent a first step towards supporting the financial inclusion of refugees. Furthermore, some assistance programs also include non-financial components, such as vocational training and – to a minor extent – financial literacy and business management training. All this works towards agencies and NGOs (i.e. the assistance, non-market, economy) providing a potential link for bridging refugees (i.e. the endogenous economy) to formal financial actors/channels (i.e. the exogenous, market, economy).
- ***The current landscape of non-financial service provision is fragmented*** in terms of providers, continuity and contents of services. This limits potential synergies and economies of scale as well as duplicates efforts. Most FGD participants express a keen interest in financial education or literacy training (defined as – in broad terms – the strengthening of financial capabilities, business management training, and life skills trainings focused on self-trust and the setting of goals). This is the case especially for the female participants, who might support the idea that they have been placed in the situation of taking a more proactive role in financial and economic management of their households.
- Even if the microfinance sector is generally recognized for taking a leading role in serving vulnerable and excluded client segments, ***relatively poor attention has been paid to date by Jordanian MFIs to the challenge of financial inclusion for refugees in the country.*** While a couple of MFIs (and possibly also banks) address the refugee market in strategies for the future, currently only one financial institution (namely MFW) is actively targeting the refugee population through the provision of credit.
- FGD participants report a ***positive but cautious trust in accessing credit from a formal financial institution.*** I.e. given their limited experience with formal credit (and seemingly relatively poor level of financial literacy), most express the need to understand proposed conditions, etc. Also in this regard, accompanying financial education efforts can be considered as key for the provision of sustainable financial services.
- Furthermore, with specific regard to credit, there is a marked interest in ***business loans*** rather than loans for consumption purposes. However, given the generally strenuous economic conditions of most households and limited access to sufficient amounts of credit, some clients are likely to use a relevant part of a business loan also to meet their consumption needs (at least initially). Zaatari residents estimate to need between JOD 300 (~USD 420) for initial home-based activities to JOD 2,000 (~USD 2,800) for more established marketplace activities. The higher figure is more or less in line with the median starting investment for interviewed Zaatari enterprises, but above the average sized microfinance loan in Jordan. In Amman (as well as other urban areas), the main reference enterprise type of businesses activity are HBBs (promoted mainly by women with the support of training programs led by agencies and NGOs) and formal, more established, enterprises. While HBBs commonly require relatively limited amounts of starting capital, male FGD participants in Amman say they rather need more ‘standard’ bank loans of JOD 20,000-50,000 (~USD 28,000-75,000) in order to meet the higher fixed costs of starting and growing a formal enterprise.
- Besides standard business loans, the provision of credit for the acquisition of ***green energy products*** – above all solar batteries and systems which are widely known among Zaatari refugees – might represent

a valid 'point of entry' in Zaatari and other settlements. Solar batteries start at JOD 200 (~USD 280) and are usually bought on store credit within the settlements. Also for self-settled refugees, this and other similar technologies could reduce dependency on discontinuous or costly available power systems and have a positive environmental impact.

- Apart from credit, interviewed enterprises also call for services facilitating the ***making and receiving of payments*** as well as the ***safeguarding of liquidity*** (including, for example, prepaid cards and mobile wallets). Indeed, in order to not accumulate too much cash, many entrepreneurs in Zaatari report paying suppliers and employees on a daily basis.
- ***Mobile wallet accounts*** (as also promoted by the NFIS) can provide a flexible and accessible alternative to bank accounts as they can be used not only for transactions but also for savings up to JOD 5,000 (~USD 7,000). These accounts usually cost less and require less documentation than bank accounts (in fact, refugees can open them with their Mol service card). However, a couple of challenges remain in terms of market infrastructure (including making JoMoPay accessible at the microenterprise level) and consumer awareness and trust. With regard to the latter, FGD participants are mostly unfamiliar with such technologies and have a relatively scarce confidence in substituting cash with e-money (some also fear being traced). Adequate e-money awareness and literacy campaigns or training could assist the refugee segment (especially the young) to become familiar with such tools.
- The profiles of refugees as potential financial clients do not differ significantly from those of low-income Jordanians. In general, ***FSPs do not need to create exclusive 'refugee' products*** (which could also lead to resentment and conflict within the host community) ***but should rather seek to adapt already existing product features, methodologies and processes.***

6.2 Recommendations¹⁰⁴

General Considerations. On the basis of this assessment's findings, a sound financial inclusion approach should, as a first step, support the connection with (and the collaboration among) the different actors and programs involved within the three economic spheres or dimensions of the financial inclusion 'value chain'; namely: (i) the endogenous economy; (ii) the assistance/handout (non-market or redistributive) economy; and (iii) the exogenous (market) economy (see also Section 3 above). **Coordination** across these three spheres **is crucial for the creation of a holistic approach** oriented towards meeting the complex set of livelihoods needs of refugees (and low-income Jordanians) and hence paving the way for their economic autonomy. The current value chain – compounded also of the relatively restrictive regulatory framework – is a fragmented composition of different financial and non-financial service providers and initiatives struggling to be mutually supportive. On its own, any program (or indeed actor) lacks the necessary resources (or information) to accomplish more long-term and large-scale results. It is hence advisable, to the extent possible, to seek the engagement of the whole value chain, with players and initiatives in the field moving as a complement rather than focusing only on more visible 'tip-of-the-iceberg' interventions (such as the development of specific credit products and/or other support to selected institutions). Although such an all-inclusive approach is more challenging, it is also true that a program is more likely to be successful if it is well adapted to and integrated with local conditions and needs and if services are targeted to the circumstances.¹⁰⁵

The preferred approach would hence be to **ensure a sufficient level of coordination** between the various actors and initiatives **within the Jordanian financial inclusion 'ecosystem' towards providing a set of different and complementary financial and non-financial services**. Indeed, not all refugees may be 'credit-ready'. While those who are should be given immediate attention by the FSPs, those who are not should be supported through the building of savings (and possibly also through the access to other services such as remittances). In particular, savings are the only certain way of increasing an individual's financial capability, assets and economic autonomy, which in turn also reduce their level of credit-risk. Furthermore, access to financial services should be complemented by the comprehensive provision of non-financial services; especially financial education, which is crucial for promoting a solid savings and financial culture, improving financial capabilities, and gaining client trust.¹⁰⁶ In this regard, financial education should not be intended as the mere improvement of the financial 'vocabulary' (or basic financial literacy) of a person, but also as the strengthening of his/her personal capabilities and plans, which is an essential step towards reducing client-risk, preventing over-indebtedness, and making financial products work.

Within this framework, **humanitarian and development agencies and their implementing partners** (including both international and national NGOs) **have an essential role to play** (especially during the preparatory phase) in assisting FSPs in identifying, reaching out to, training, and accompanying potential clients (especially those who are in need of such support towards accessing formal financial services). In this regard, it should be noted that the Consultant considers humanitarian and development agencies and organizations as complementary rather than as alternative actors. Even if supporting the nexus between these two sides of assistance might be a challenge,¹⁰⁷ they are both part of the assistance/handout (non-

¹⁰⁴ Recommended actions on part of the Consultant are proposals based on the findings of this assessment and prior experience. It should be noted, however, that a market assessment needs to be complemented by a subsequent verification/feasibility exercise prior to the possible implementation of proposed actions.

¹⁰⁵ In fact, microfinance programs tend to fail, with little impact on income and assets, when they are poorly planned and launched too quickly. Azorbo, Michelle. *Microfinance and refugees: Lessons learned from UNHCR's experience*, Research Paper No. 199. January 2011.

¹⁰⁶ See also OECD, *Financial education and the long-term integration of refugees and migrants. Responses to the refugee crisis*, 2016.

¹⁰⁷ For example, credit programs managed by relief or emergency agencies sometimes result in failure because they do not adopt

market or redistributive) economy and the multi-partner CCF platform currently in place in Jordan can be considered as an example of successful coordination across the humanitarian and development ‘divide’. The contribution of actors within this sphere in serving as a link between the endogenous and exogenous spheres is particularly important since they already provide financial support (in the form of cash assistance, cash-for-work or grants) and non-financial services to refugees. Humanitarian/development agencies and NGOs often have a significant territorial outreach as well as, through the CSCs and other community initiatives which they manage (or cooperate with), an in-depth knowledge of the areas of operations (and of potential clients). In fact, the kind of external support or expertise requested by FSPs is progressively shifting from pure technical assistance on product development and capacity building to the identification of and bridging with the ‘right’ clients in new market niches. Furthermore, according to the Grameen Bank model, the ‘right’ clients should not necessarily be intended as the poorest of the poor, but rather as those having good personal resources, capacities and plans, even if they lack the necessary capital (i.e. those who are less likely to expose themselves to over-indebtedness and hence threaten the sustainability of FSPs). As a first step, the engagement of the assistance/handout (non-market or redistributive) economy could assist FSPs in considering refugees for who they really are – i.e. recognizing the various aspects of their capital and potential – and not just as risky clients *a priori*. Through their considerable experience in working with refugees, assistance agencies and implementing partners can serve as a channel for accompanying, on the one hand, refugees towards becoming potential microfinance clients and, on the other hand, FSPs in becoming familiar with the ‘refugee opportunity’ (rather than the perceived ‘refugee threat’).

Strategic Proposal. Following these general considerations, the Consultant proposes the ***promotion of a holistic framework for the financial inclusion of refugees*** in Jordan. While developing and piloting specific products on part of selected FSPs certainly play a role in this process, this should be embedded within a comprehensive strategy which strives to ***build refugee assets and economic autonomy*** and requires the engagement of different stakeholders, including : (i) donor agencies and organizations at the global level; (ii) CBJ and other relevant government bodies or ministries at the national/macro level; (iii) support structures (such as the Tanmeyah network as well as NGOs and other implementing partners) at the national/meso level; and (iv) FSPs at the micro level. Based on the framework shared by participating stakeholders at various levels for the attainment of medium to long-term results, the approach would move from the building of trust to the strengthening of financial capabilities and assets and eventually to the access to formal financial services. ***While the complete process is intended for ‘not-yet-credit-ready’ refugees, potential clients who are already ‘credit-ready’ (namely refugees with already existing profitable businesses) would be able to move straight to the final phase of accessing financial services.***

Exhibit 21. Step-by-step process (phases)



the business-like approach needed for the sustainability of microfinance interventions. Azorbo, Michelle. *Microfinance and refugees: Lessons learned from UNHCR’s experience*, Research Paper No. 199. January 2011.

In operational terms the program could be structured around the following pillars:

- It is advisable to provide ***an asset building program that may take the form of a compulsory savings plan*** (possibly piloted as a CBI through the CCF).¹⁰⁸
- Access to the compulsory savings plan would require the mandatory participation in ***financial education or business support programs*** on part of the beneficiaries. The provision of such services could be facilitated by a platform bringing together existing (and future) initiatives promoted by NGOs, CSCs, and other community-based initiatives. This would also allow for a joint definition of the most suitable support (in terms of both financial and non-financial services) needed and the timing of such support. Services would promote the strengthening of savings/guarantee capacities, social networks, skills, and soundness of entrepreneurial/private plans.
- In order to support the bridge between potential clients and FSPs, non-financial services could also aim to support informal ***social intermediaries*** such as savings groups and community leaders. For instance, by involving saving groups, individual compulsory/voluntary savings could be pooled together towards leveraging the guarantee effect. Finally, beneficiaries deemed eligible to promote ***business activities*** would be selected and ‘accompanied’ to FSPs adhering to the program.
- ***Another fundamental pillar is access to financial services (namely credit)***. Beneficiaries deemed eligible to promote ***business activities*** would be selected and ‘accompanied’ to FSPs adhering to the program. The participating FSPs would be able to assess and select the dossiers/promoters based on the information on his/her social capital, the training attended and his/her personal financial assets (i.e. compulsory savings and/or, possibly, seed capital component).

A shared broader initiative, with the involvement of several actors at the global, macro and meso level, would increase the ‘bargaining power’ when encouraging the ***engagement of FSPs***. The active participation of assistance actors providing financial support in the form of compulsory savings and seed capital (as well as non-financial services) to refugees would provide FSPs approaching the refugee segment with a ***risk-sharing mechanism***. The distribution of risk, together with operational costs, is an important concern for most FSPs as they are commonly not interested in programs calling for them to bear the whole risk/investment of reaching out to new beneficiaries. It should be noted that risk can be intended either as ‘objective’ (i.e. the real risk of the clients) or ‘perceived’ (i.e. the risk perceived by FSPs towards, for instance, a specific segment of clients). Even though an initial experience of one MFI serving refugees in Jordan proves that repayment rates of refugees are just as good as Jordanian clients, credit guarantee funds – if properly accompanied by a sound exchange information system – can serve as an effective vehicle for reducing both the objective and the perceived risk of refugees. However, they necessitate a solid commitment on part of involved FSPs and other stakeholders to ensure outreach and additionality. In the event that the proposed risk-sharing mechanism turns out to be poorly applicable, the Consultant would suggest an additional initiative based on the set-up of an information sharing mechanism supported by a ***credit guarantee scheme*** that, consistent with the above, should envisage the complementary participation of different actors and diverse identification/delivery channels of refugee clients. A credit guarantee scheme should preferably also be managed as a sustainable and independent entity, i.e. by adopting an institutional approach rather than a project approach. Furthermore, FSPs adhering to the program should be linked to ***technical assistance initiatives*** to support the capacity building of staff and management with regard to the fine-tuning of approaches, procedures and products to meet the profiles of refugees (and low-income Jordanians).

In this regard, ***exclusive ‘refugee’ products should not, and need not, be developed***. Financial services should be accessible to both refugees and low-income Jordanians in order to valorize existing economic bonds between the communities as well as to prevent potential sources of conflicts, but also to ensure

¹⁰⁸ A shared financial platform such as the CCF would allow for better financial coordination and monitoring of the program.

economies of scale by enlarging the potential market. In general, when assessing financial products for refugees, it is rather advisable to **focus on adapting existing product features, methodologies and processes** (such as eligibility criteria and KYC procedures as well as assessment criteria for credit clients) **and on ensuring a solid link between financial and non-financial services**. With regard to the former, FSPs are suggested, firstly, to review their eligibility criteria in order to make financial products available also to non-national clients and, in particular, to envisage flexible documental requirements as, for instance, the possibility of recognizing the MoI service card as alternative ID. Furthermore, financial products should be considered to include not only credit, but eventually also savings (possibly complementary to the compulsory savings scheme outlined above) as well as payment and insurance related products.

In terms of credit, it is generally suggested to adopt a prudential approach of **progression from group to individual lending**. Indeed, the provision of individual business loans is generally considered through a sound preparatory path aiming to progressively increase trust between FSPs and new clients. However, refugees with already existing and profitable businesses of a certain size (and legality beyond settlement borders) could start out as viable individual credit clients. Furthermore, the ‘evolution’ of products conceived for the more experienced borrowers should concern not only lending methodology, size and costs, but also the maturity of the loan in order to accompany a longer temporal perspective of investments on part of the clients. For some clients, it could also be interesting to link credit products to the compulsory savings plan described above; for instance, a ‘social refund’ could be considered for the more trusted clients by transferring a part of interest payments to the client’s compulsory savings account. With regard to **guarantees**, given the strong bonds within refugee communities, a hybrid lending methodology mixing individual and group loans could allow for kinship relationships to be effectively expressed as an economic/financial value by acting as mutual guarantee. A focus should also be placed on adapting adequate **payment collection processes**, which are particularly important for refugees within settlements as they do not have direct or easy access beyond settlement borders. In terms of specific loan products, credit linked to the purchasing of **green energy products** (such as solar batteries) could meet the needs of specific social and economic environments (such as refugee settlements) and serve as a first step for a preliminary assessment of a client’s repayment capacity and commitment. The possible introduction of such specific products, however, should be accompanied by a preliminary study and the creation of relationships with national or international suppliers of green energy products. Finally, while it is not possible for FSPs to hire refugee loan officers,¹⁰⁹ they could – through other entities – seek out **collaborations with social intermediaries within refugee settlements/communities**. These intermediaries (i.e. refugees with basic financial skills and good knowledge of the local social context) could, along with CSCs and other community organizations, provide primary insight into refugee settlements/communities as well as support the identification and follow-up of potential clients.

At the macro level, as outlined in Section 4.3 above, the NFIS specifically targets refugees as one of the priority segments for financial inclusion. The proposed approach would support, in particular, one of the sub-goals under the cross-cutting area of ‘financial capabilities’ (namely “*Enhance the financial capabilities of priority segments in the framework of financial consumer protection*”), but also, more in general, two sub-goals under the ‘microfinance’ pillar (namely “*Develop the financial and human capacities in MFIs for enhanced product development and increased outreach*” and “*Enhance awareness and financial capabilities of microfinance clients*”). In order to support intended efforts within the financial sector (as well as seek to address current business/employment restrictions) a comprehensive financial inclusion program should make provisions for **advocacy** efforts.

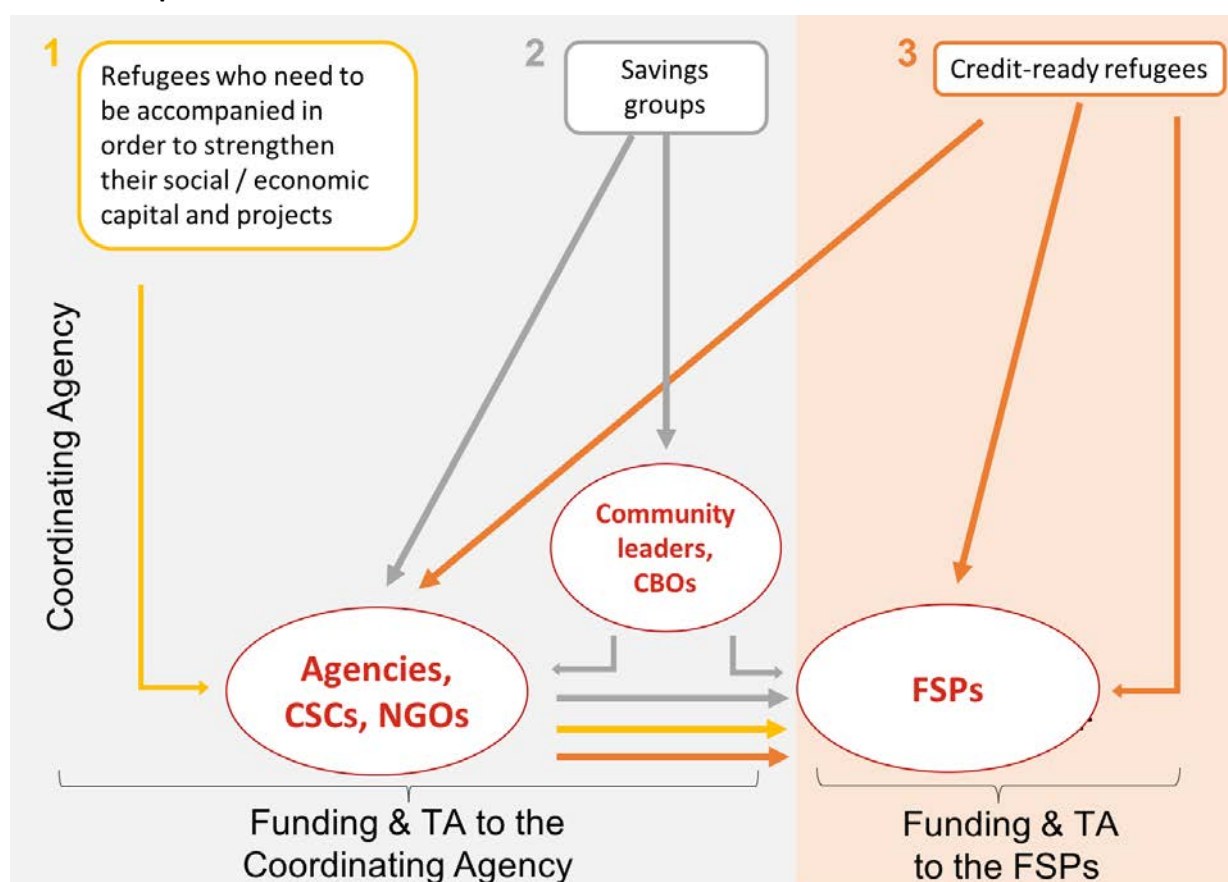
¹⁰⁹ While financial intermediation is not specifically listed as a closed profession for non-Jordanian workers, the position of loan officer seemingly falls in the closed category of ‘administrative and accounting jobs’.

Finally, it is important to set up a **monitoring** mechanism with a set of baseline and *ex ante* indicators to be measured during and after the implementation of the program. Transparent internal and external accountability systems could take into considerations not only economic indicators (such as debt repayment, PAR, etc.), but also social outcomes (for example, the contribution of the program in strengthening the human and social capital of the clients). Despite difficulties associated with more ambitious monitoring practices (definition of adequate indicators, engagement of resources, etc.), they can assist in the assessment of both short-term and long-term results of an intervention.

The suggested approach seeks to encourage all relevant interested stakeholders in directing their support towards a comprehensive scheme aimed at increasing, in a sustainable way, financial inclusion of refugees in Jordan. At the same time, the scheme aims to be flexible enough to enable agencies/organizations and practitioners to focus – if needed – on one specific segment of the market only, i.e. ‘credit-ready’ potential refugee clients. In particular, potential refugee clients can be conveyed to FSPs through **three different channels linking three different levels of demand and supply**, namely:

- i. A **platform** providing or facilitating (through implementing partners) financial services (such as seed capital and compulsory savings schemes) and accompanying services (in terms of strengthening financial capabilities, savings plan, as well as business, vocational and lifeskills training).
- ii. **Social intermediaries** – such as refugee community leaders and CBOs – trained and coordinated by the above-mentioned platform — acting as direct mediators between FSPs and the refugee community.
- iii. **FSPs** – for the provision of credit to already ‘credit-ready’ refugees (as well as other financial services).

Exhibit 22. Proposed scheme



The scheme aims to ***put refugees in the condition of positioning themselves in the most appropriate stage depending on their readiness to access financial services through FSPs***. Furthermore, the proposition of multiple entrance/identification channels aims to increase outreach and reduce asymmetry of information, but mostly to share and minimize credit risk. An added-value of this model is to aggregate different stakeholders creating a diversified environment for sharing information. On the other hand, coordination with too many actors may result difficult because of potential opposite interests. However, TA to the platform and FSPs is meant to ensure high standards in the provision of services as well as a sufficient level of coordination among the actors involved. The strategy aims to be flexible enough to take alternative solutions into account if there is an evident lack of coordination and commitment. For example, ***as an initial step it would be possible to focus the provision of TA for FSPs only on making them serve already 'credit-ready' refugees***.

Finally, the Consultant suggests targeting the pilot initiative in two locations, namely in one (rural) settlement and one urban environment through a ***step-by-step logic*** aimed at successively scaling up activities once coordination among stakeholders has improved. In particular, it is advisable to commence in selected areas within the two contexts addressed by this assessment, namely Zaatari (the largest settlements) and Amman (the city with largest share of self-settled refugees). In a second step, based on the lessons learnt, a roll-out phase could be tailored according to the needs of other different contexts (and refugees and low-income Jordanians).

Annexes

Annex 1 – Focus Group Discussion Guidelines

Instructions/comments in blue.

INTRODUCTION

- Welcome participants - thank you for coming, we are grateful for your time.
- Introduce yourselves – we are working for a company called Microfinanza. We do research and assessments that rely on documenting your valuable ideas. We are not affiliated with the government, NGO or other organization. We are conducting the discussion today on behalf of UNHCR and two of its partners, the Grameen Crédit Agricole Foundation and the Swedish International Development Cooperation Agency (Sida).
- Explain why you are there –we would like to understand your needs to access financial services (such as savings, credit, money transfer, etc.) and non-financial services (such as financial literacy training, etc.) here in Jordan. In order to do this, we would like to know a bit about your past, your present conditions here (including the opportunities and challenges that you face), and what plans/hopes you might have for the more immediate future. Our hope is that, if we can understand your experiences and needs, we can assist financial institutions in considering serving refugees and therefore support you in building your path towards economic autonomy.
- While your thoughts and feedback are very important in order to encourage financial institutions to provide you with services, we cannot promise concrete actions as a direct result of this discussion.
- We would like for you to feel completely free to share your ideas and opinions. This is not a test or an exam and all information that you share with us will be treated as strictly confidential – we will not share your personal responses with anyone else and we will not use your names anywhere.
- If you agree, we will record our discussion so that we do not miss anything that you say, but the recording will not be shared with anyone else. If you do not agree, please let us know and we will only take notes.
- Explain the timing - the session will last around 1 ½ - 2 hours and will be followed by shorter individual interviews (in order to collect more personal/private economic information).
- Your participation is entirely voluntary. If you would like to participate, please stay. Otherwise, please feel free to leave.

KEY DISCUSSION POINTS AND RELATED PROBING QUESTIONS sections and numbering do not necessarily represent order of discussion

Warm up / general information

Ask participants to briefly introduce themselves – what is your name, what did you did do / work with in Syria *CHECK/COUNT IF ANY ENTREPRENEURS / AUTONOMUS WORKERS*, for how long have you been in Zaatari/Amman...

Social capital

1. Who do you spend your time with here in Zaatari/Amman? **Probe:** extended family, neighbors, friends, colleagues... Do you feel that you can rely on these relations in case of need? *COUNT* Are these relations mostly based on already known relationships from your home town in Syria or on newly created relationships here in Jordan? *COUNT* Are any of these relations organized into more or less structured (formal and informal) groups, networks, associations serving a specific purpose? **Probe:**

study groups, religious groups, cultural groups, Jamiyat / savings groups, solidarity groups / emergency funds, other self-help groups...

2. To what extent and how do you interact with the local community here in Jordan (i.e. with Jordanians)? **Probe:** frequent, sporadic, never... work/study together, attend religious or social gatherings together... **COUNT** How would you define your relationships with the local community here in Jordan (i.e. with Jordanians)? **Probe:** friendly, close, polite, tense, conflictual... If tense or conflictual, what do you think are the sources of the tension/conflict?

For discussions with female groups also ask Do you think that your relationships with the local community are affected (for better or for worse) by you being women (i.e. thanks to or because you are women)? **Probe:** being a woman facilitates some types of relations and hinders other types...

Professional and economic/financial capital

3. What challenges/barriers have you been / are you faced with when trying to work / start a business here in Jordan? **Probe:** lack of work permit, lack of assets / start-up capital, lack of credit, lack of management capacity, lack of trust...

For discussions with female groups also ask Do you think that there are any particular challenges/barriers that you face because you are women? **Probe:** lack of personal assets, lack of childcare...

4. Where (which sectors / types of activities) do you think there are opportunities for work / starting a business here in Jordan? **Probe:** construction, artisanry (carpentry, bike repairs...), teaching, targeted professional services...

For discussions with female groups also ask Do you think that there are any particular opportunities or non-opportunities for work / starting a business in certain sectors here in Jordan because you are women? **Probe:** some sectors / types of activities are encouraged and others are discouraged for women...

Financial services and literacy

5. What kind of formal or informal financial services did you have access to / use in Syria? **Probe:** payment services such as ATM cards, savings, remittances/money transfers (inbound and outbound), credit (business, consumption)...
6. Did you save money in Syria? **COUNT** If yes, how? **Probe:** bank account, Jamiyat / savings groups, at home, livestock...
7. Did you ever borrow money / take a loan/ (credit) in Syria? **COUNT** If yes, from whom/where? **Probe:** bank, other financial institution, extended family, friends, savings groups, money lender...
8. What kind of formal or informal financial services do you have access to / use here in Jordan? **Probe:** payment services such as ATM cards (including UNHCR cash cards with IRIS scan), savings, remittances/money transfers (inbound and outbound), credit (business, consumption)...
9. Are you currently able to save some money here in Jordan? **COUNT** If yes, how do you save? **Probe:**

bank account, savings groups, at home, livestock... What do you commonly use the savings for? **Probe:** emergencies (including future medical expenses), children's education, purchase of assets, wedding, purchase of livestock, investment in business activity... They might also use other solidarity / emergency funds as microinsurance (when needing to repair damaged housing, etc.)

If using Jamiyat / savings groups (or solidarity/emergency funds):

- For how long have your groups be running?
- With whom have you formed/joined the groups? **Probe:** neighbors, friends from Syria, friends made here in Jordan, colleagues...
- How long are the cycles?
- How much do you save each time?
- How large are the shares paid out?
- How common are they here in Zaatari/Amman?

If not using Jamiyat / savings groups (or solidarity/emergency funds), would you consider the possibility of pooling your savings with other people and, if yes, under which conditions (?)

10. Have you ever borrowed money here in Jordan? **COUNT** If yes, who/where do you now turn to when you need money (credit)? **Probe:** financial institutions, extended family, friends, savings groups, money lender... What do you commonly use the credit for? **Probe:** emergencies, children's education, purchase of assets, wedding, purchase of livestock, investment in business activity...
11. Do you trust financial institutions here in Jordan? **COUNT** If not, why?
12. What challenges/barriers have you been / are you faced with when trying to access formal financial services (i.e. from a financial institution) here in Jordan? **Probe:** identification, lack of collateral/guarantee, too expensive, too complicated...

For discussions with female groups also ask Do you think that there are any particular challenges/barriers that you have been / are faced with because you are women?

13. What types of financial services would you like to have access to? **Probe:** payments/withdrawal cards, savings, remittances/money transfers (inbound and outbound), credit (business, consumption), insurance... For which purposes do you need such services? **Probe:** to manage my daily life, to accumulate savings / take credit in case of emergencies, to accumulate savings / take credit to support business venture...
14. What features should such services have / how should they be designed to most adequately to meet your needs and preferences? For example, with regard to credit:
 - Would you consider group loans *make sure that the participants understand what this type of loan entail (i.e. shared responsibility)* or only individual loans?
 - Would you consider committing household/business assets as collateral?
 - Would you be willing to pay interest rates and/or other fees?
 - Do you have any suggestions with regard to loan size, loan period/duration, and modes/frequency

of repayment?

15. What communication/marketing and delivery channel(s) would you prefer and why? **Probe:** at traditional branches/units, through agents in the field (*Does it matter if of Syrian or Jordanian origin? Is there a preference for agents they are familiar with?*), mobile phone or digital financial services delivery (would you feel confident in using a mobile phone to access to financial services)... *When discussing mobile phone banking or DFS, make sure that the participants understand what such service delivery actually means (i.e. doing transactions through the use of mobile phones or other information devices).*
16. Do you keep track of your income and expenditure? **COUNT** If yes, who in the household keeps track of income and expenditure and who controls financial resources? **Probe:** wife, husband, joint management...*CHECK IF SAME PERSON CONTROLS THE RESOURCES AND KEEPS ACCOUNTS* If yes, how do you use this information / how does it help you? **Probe:** it helps me know what I can spend and save, it helps me reduce my expenses, it helps me plan for the future...
17. What kind of non-financial services (i.e. training and support) – if any – have you benefitted from here in Jordan? **Probe:** financial literacy training (i.e. how to keep a family budget and accounts, how to use a budget to plan future use of resources, how to use financial services, etc.), business start-up or development counselling/coaching... **COUNT NUMBER OF BENEFICIARIES**
18. What types of non-financial services (i.e. training and support) would you like to have access to / What would you like to know more about? **Probe:** keeping accounts, business start-up or development counselling/coaching... For which purposes do you need such services? **Probe:** to plan my future, to start / develop my business...

Annex 2 – Individual Interview Questionnaire

Instructions/comments in blue.

To be completed by interviewer/enumerator.

0.1. Name of interviewer/enumerator	
0.2. Date of interview	
0.3. Location of interview	Zaatari camp Amman city/surroundings
0.4. Has the respondent participated in a focus group discussion	<input type="checkbox"/> Yes <input type="checkbox"/> No

How to complete the questionnaire:

The questionnaire must be filled by marking the cell ☐ corresponding to the selected answer.

Unless otherwise indicated, it is possible to provide only 1 answer for each question.

For open answers ": _____" please write in capital letters.

If respondent has NOT (or NOT YET) participated in a focus group discussion **INTRODUCTION**

- Thank you for taking the time to meet with me/us.
- Introduce yourselves – we are working for a company called Microfinanza. We do research and assessments that rely on documenting your valuable ideas. We are not affiliated with the government, NGO or other organization. We are conducting the discussion today on behalf of UNHCR and two of its partners, the Grameen Crédit Agricole Foundation and the Swedish International Development Cooperation Agency (Sida).
- Explain why you are there –we would like to understand your needs to access financial services (such as savings, credit, money transfer, etc.) and non-financial services (such as financial literacy training, etc.) here in Jordan. In order to do this, we would like to know a bit about your past, your present conditions here (including the opportunities and challenges that you face), and what plans/hopes you might have for the more immediate future. Our hope is that, if we can understand your experiences and needs, we can assist financial institutions in considering serving refugees and therefore support you in building your path towards economic autonomy.
- We would like for you to feel completely free to share your ideas and opinions. This is not a test or an exam and all information that you share with us will be treated as strictly confidential– we will not share your personal responses with anyone and we will not use your names anywhere.
- **FOR RESPONDENTS WHO WILL NOT PARTICIPATE IN FOCUS GROUP DISCUSSION** Explain the timing – the interview will take around 30 minutes.
- **FOR RESPONDENTS WHO WILL PARTICIPATE IN FOCUS GROUP DISCUSSION AFTER THE INTERVIEW** Explain the timing – the interview will take around 30 minutes and will be followed by a joint discussion with others that will last 1 ½ - 2 hours.
- Your participation is entirely voluntary. If you would like to participate, please stay. Otherwise, please feel free to leave.

Human capital (personal information)

1. Gender: ☐ Female ☐ Male

2. Age: ☐ 18-27 ☐ 28-37 ☐ 38-47 ☐ 47- 60 ☐ Above 60

3. How long have you been in Jordan?

- ☐ less than 6 months ☐ more than 2 years but less than 3 years
☐ more than 6 months but less than 1 year ☐ more than 3 years but less than 4 years
☐ more than 1 year but less than 2 years ☐ more than 4 years

4. Where do you live in Jordan?

- ☐ Inside Zaatari Camp ☐ Peri-urban (Amman, suburbs)
☐ Outside Zaatari Camp among Jordan host community ☐ Urban (Amman, city)

5. How many people live in your household / under your same roof? *Including the respondent*

- ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ Other, *specify* _____

6. Do you depend economically/financially on anyone?

- ☐ Yes *go to question 8* ☐ No *go to question 7*

7. If No, how many persons depend economically/financially on you?

- ☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ Other, *specify* _____

8. What is the highest level of schooling you have completed?

- ☐ No formal education (illiterate) ☐ Secondary School
☐ No formal education (can read and write) ☐ Post Secondary Technical/Vocational School
☐ Primary School ☐ University, undergraduate
☐ Post Primary Technical/Vocational School ☐ University, graduate

9. Do you have access to a mobile phone?

- ☐ No ☐ Yes, feature or smart phone with access to Internet, Whatsapp, Facebook, etc.
☐ Yes, basic phone for calls/sms

Social capital

10. Who do you usually spend your time or engage with (frequent relationships) here in Zaatari/Amman? *Choose 1 or more*

Syrian friends or acquaintances who I already know from Syria	<input type="checkbox"/>	Solidarity associations / emergency groups	<input type="checkbox"/>
		Sport or cultural associations	<input type="checkbox"/>
Syrian friends or acquaintances who I met in Jordan	<input type="checkbox"/>	Jamiyat / savings groups	<input type="checkbox"/>
		Political or opinion groups/associations	<input type="checkbox"/>
Jordanian friends or acquaintances	<input type="checkbox"/>	Jordanian public authorities	<input type="checkbox"/>
		Jordanian or international NGOs	<input type="checkbox"/>
Work colleagues / business partners	<input type="checkbox"/>		
Religious groups/associations	<input type="checkbox"/>	Other, <i>specify</i> : _____	<input type="checkbox"/>

11. Who do you mainly rely on for support / who assists you (and with what / for which purpose) here in Jordan? *Choose 1 or more*

	Find a house	Find a job	Financial support (loan)	Legal assistance	Other, <i>specify</i>
Syrian friends or acquaintances who I already know from Syria	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Syrian friends or acquaintances who I met in Jordan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jordanian friends or acquaintances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Work colleagues / business partners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Religious groups/associations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Solidarity associations / emergency groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sport or cultural associations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jamiyat / savings groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Political or opinion groups/associations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jordanian public authorities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jordanian or international NGOs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, <i>specify</i> : _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Professional and economic/financial capital

12. Do you have a job or an economic activity (i.e. your own business) here in Jordan? *Consider the last month*

- ☐ No, I do not work or have my own business *go to question 13 and then question 16*
- ☐ Yes, I have a more or less regular job/employment (i.e. carrying out more or less daily agricultural work, construction work, etc.) *go to question 14*
- ☐ Yes, I have an irregular job/employment (i.e. carrying occasional agricultural work, construction work, etc.) *go to question 14*
- ☐ Yes, I have my own full-time or part-time business or other personal economic activity *go to question 14*

13. If No, why not?

- ☐ I cannot find a job
- ☐ I cannot find a job suitable to my skills
- ☐ I'm not in the right physical condition to work
- ☐ I am still studying (school or technical/vocational training)
- ☐ I don't need it
- ☐ I don't have legal permission to work
- ☐ Other, *specify* _____

14. If Yes, in which field are you working, or have a business, in Jordan at the moment?

Agriculture	<input type="checkbox"/>	Housewife	<input type="checkbox"/>
Craftsman producing goods (e.g. baker, carpenter, tailor, shoemaker, etc.)	<input type="checkbox"/>	Office Employee	<input type="checkbox"/>
Craftsmanship providing services (e.g. electrician, mechanic, plumber, barber/hairdresser etc.)	<input type="checkbox"/>	Practitioner/Manager (e.g. Doctor, Lawyer, Banker, Teacher, Consultant etc.)	<input type="checkbox"/>
Trader, street or shop retail	<input type="checkbox"/>	Student	<input type="checkbox"/>
Food and beverages (food stall, restaurant, etc.)	<input type="checkbox"/>	Other, <i>specify</i>	<input type="checkbox"/>

15. Was this your primary sector/area of work also in Syria?

- ☐ Yes *go to question 17* ☐ No *go to question 16*

16. In which sector/area did you work in Syria?

Agriculture	<input type="checkbox"/>	Housewife	<input type="checkbox"/>
Craftsman producing goods (e.g. baker, carpenter, tailor, shoemaker, etc.)	<input type="checkbox"/>	Office Employee	<input type="checkbox"/>
Craftsmanship providing services (e.g. electrician, mechanic, plumber, barber/hairdresser etc.)	<input type="checkbox"/>	Practitioner/Manager (e.g. Doctor, Lawyer, Banker, Teacher, Consultant etc.)	<input type="checkbox"/>
Trader, street or shop retail	<input type="checkbox"/>	Student	<input type="checkbox"/>
Food and beverages (food stall, restaurant, etc)	<input type="checkbox"/>	Other, <i>specify</i>	<input type="checkbox"/>

17. What are your sources of income? Consider whole household, Choose 1 or more

- ☐ Salary from permanent work ☐ Aid/cash assistance from organizations
☐ Wage from temporary/seasonal work ☐ Remittances
☐ Income from own/family business or self-employment ☐ Other, *specify* _____

18. How much is – on the average – the amount of your sources of income per month?

	Up to 50 JOD	51 - 100 JOD	101 - 200 JOD	201 - 300 JOD	301 - 400 JOD	401 - 500 JOD	501 - 600 JOD	601 - 700 JOD	Above 700 JOD
Salary from permanent work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Wage from temporary/seasonal work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Income from own/family business or self-employment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Aid/cash assistance from organizations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Remittances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, <i>specify</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

19. How frequently do you receive cash/payment from your sources of income?

	Every month (12 times per year)	Every 2-3 months (6 to 4 times per year)	Every 4-6 months (3 to 2 times per year)	Once per year	Less than once per year
Salary from permanent work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Wage from temporary/seasonal work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Income from own/family business or self employment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Aid/cash assistance from organizations (incl. UNHCR)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Remittances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, <i>specify</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

20. Do you own any valuable assets in Jordan or Syria? ☐ Yes *go to question 21* ☐ No *go to question 22*

21. If Yes, what kind of assets and what is the estimated value of these assets?

	Jordan	Estimated value	Syria	Estimated value
Cash at home	<input type="checkbox"/>JOD	<input type="checkbox"/>SYP
Financial assets (savings) in bank/financial institution or Jamiyat / savings group	<input type="checkbox"/>JOD	<input type="checkbox"/>SYP
Jewelry	<input type="checkbox"/>JOD	<input type="checkbox"/>SYP
House/apartment	<input type="checkbox"/>JOD	<input type="checkbox"/>SYP
Car or others means of transport	<input type="checkbox"/>JOD	<input type="checkbox"/>SYP
Land	<input type="checkbox"/>JOD	<input type="checkbox"/>SYP
Livestock	<input type="checkbox"/>JOD	<input type="checkbox"/>SYP
Enterprise (including machineries/equipment/business facilities, goods etc.)	<input type="checkbox"/>JOD	<input type="checkbox"/>SYP
Personal guarantor	<input type="checkbox"/>		<input type="checkbox"/>	
Other, <i>specify</i>	<input type="checkbox"/>JOD	<input type="checkbox"/>SYP

22. Have you ever pawned any of your assets in order to get money (receive a loan) here in Jordan?

☐ Yes ☐ No

Financial services and literacy**23. Have you ever needed and asked to borrow money from anyone here in Jordan?**

- ☐ No, I have never needed to ask [go to question 28](#)
- ☐ No, I have never asked even if I have needed [go to question 28](#)
- ☐ Yes, I have needed and asked [go to question 24](#)

24. If Yes, who have you asked and how much money have you borrowed here in Jordan?

	Up to 50 JOD	From 51 to 300 JOD	From 301 to 550 JOD	From 551 to 700 JOD	Above 701 JOD
Family/relatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Friends/acquaintances/neighbors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Solidarity associations / emergency groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jamiyat / savings group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other financial institution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Store (buying on credit)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private lender	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, <i>specify</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

25. How much have you returned (paid back) of the borrowed money here in Jordan?

- ☐ Nothing ☐ More than what I received (i.e. with interest)
- ☐ Part of it ☐ Much more than what I received (i.e. with high interest)
- ☐ Everything (i.e. equal to the money borrowed)

26. Do you have any debts at the moment (including debt incurred in Syria)?

☐ Yes [go to question 27](#) ☐ No [go to question 28](#)

27. If Yes, what is the amount of money that you still owe / have to pay back?

No debts (everything already paid back)	<input type="checkbox"/>
Up to 50 JOD	<input type="checkbox"/>
From 51 to 300 JOD	<input type="checkbox"/>
From 301 to 550 JOD	<input type="checkbox"/>
From 551 to 700 JOD	<input type="checkbox"/>
Above 700 JOD	<input type="checkbox"/>

28. Do you usually have money left after household expenditures (and business running costs) have been covered / do you manage to put aside (save) part of your income at the end of the week or month?

- ☐ Yes, weekly *go to question 29*
☐ No, I usually have no money left at the end of the week/month *go to question 31*
- ☐ Yes, monthly *go to question 29*

29. If Yes, what do you usually do with the money that you have left / you manage to put aside (save) at the end of the month/week? Choose 1 or more

- ☐ Keep cash at home
 ☐ Send money to family/friends
- ☐ Put cash in Jamiyat / savings group
 ☐ Lend money to someone
- ☐ Put cash in bank/post account
 ☐ Other, *specify* _____
- ☐ Buy valuable goods or small livestock

30. How much are you usually able to save each week/month (i.e. how much money do you still have left after having covered all expenses at the end of the week/month)?

Up to 10 JOD	<input type="checkbox"/>
11 - 20 JOD	<input type="checkbox"/>
21 - 30 JOD	<input type="checkbox"/>
31 - 50 JOD	<input type="checkbox"/>
51- 60 JOD	<input type="checkbox"/>
61 - 99 JOD	<input type="checkbox"/>
More than 100 JOD	<input type="checkbox"/>

31. Do you have UNHCR card (with IRIS scan) for withdrawing cash from ATMs? ☐ Yes ☐ No**32. Do you keep records of your income/expenditures/savings?**

- ☐ Yes, I regularly record everything
 ☐ No, but I would like to know more about how to do it
- ☐ Yes, but not regularly
 ☐ No, I don't need it
- ☐ No, I don't keep records, but estimate my income/expenditures/savings (have it in my head)
 ☐ Other, *specify* _____

Future aspirations

33. Do you have any particular plans (hopes, dreams) that you would like to achieve in the more immediate future? *If Yes to any, answer questions 34 & 35*

	No	Yes, vague plan (idea)	Yes, moderate plan	Yes, strong plan
Find a job (employment)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Set up a business <i>If Yes, also answer question 36</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Study / attend vocational training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improve housing conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Set up an association / group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Relocation abroad (incl. possibility of returning to Syria or family reunification in another country) <i>If Yes, also answer question 37; If No, also answer question 38</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Relocation within Jordan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, <i>specify</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

34. If Yes, what have you already done / tried to achieve these plans?

Completed my studies (education)	<input type="checkbox"/>
Attended technical/vocational training	<input type="checkbox"/>
Attended business management training	<input type="checkbox"/>
Sorted out paperwork (applied for permit, registration, etc.)	<input type="checkbox"/>
Saved money If Yes, how much money have you saved for your plan?	<input type="checkbox"/> JOD
Borrowed money (taken a loan) If Yes, how much money have you borrowed for your plan?	<input type="checkbox"/> JOD
Other, <i>specify</i>	<input type="checkbox"/>

35. What kind of services and other support do you think you would need in order to realize this plan?

Study (education)	<input type="checkbox"/>
Technical/vocational training	<input type="checkbox"/>
Business management training	<input type="checkbox"/>
Support to sort out paperwork (get permit, registration, etc.)	<input type="checkbox"/>
Save money If Yes, how much money would you have to save for your plan?	<input type="checkbox"/> JOD
Borrow money (take a loan) If Yes, how much money would you have to borrow for your plan?	<input type="checkbox"/> JOD
Other, <i>specify</i>	<input type="checkbox"/>

36. If you have plans to set up your own business in Jordan, please explain what would you like to do?

a. What type of business (formal, informal/registered, how large [i.e. how many employees])? _____

b. Which sector of activities (types of services/products)? _____

c. With whom (alone, family, friends, business partner, group...)? _____

37. If you have any more immediate plans to relocate abroad (i.e. outside of Jordan), please explain which steps you have taken (will reunite with family in another country as soon as documentation is cleared, have found job/employment in another country, etc.)? _____

38. If you do NOT have any more immediate plans to relocate abroad (i.e. outside of Jordan), what are the reasons? *Max 2 answers*

☐ Unavailability of money
☐ I have nowhere else to go (still not safe to return to Syria or have no family to join abroad)

☐ Travel is not safe / No available means of safe transport
☐ I have now settled here in Jordan and would like to stay
☐ Other, *specify* _____

Thank you for sharing your experience and your time!

Annex 3 – Enterprise Interview Questionnaire

1. General Information

0.5. Name of interviewer	
0.6. Date of interview	
0.7. Location of interview	Zaatari camp Amman city/surroundings
0.8. Currency adopted	

Short description of the business (story, promoter's background and activities):

How many days per month does the activity run? *	
Formal (registered) F or informal enterprise I	
If formal, VAT (%):	
If formal, INCOME/PROFIT TAX (%):	
If formal, SOCIAL CHARGES ON EMPLOYEES' SALARIES TO BE PAID BY THE EMPLOYER (%)	

* In case of seasonal activities please calculate average days per month along theyear

Where do the supplies/raw material come from (%)?		Please select (v)	%
		Jordan suppliers	
Select B2C or B2B indicating % of sales for each market channel	Syrian suppliers inside camp		
	Syrian suppliers outside camp (self-settled)		
	International Organizations (please specify)		
		B2C %	B2B %
Who are the customers (please indicate roughly the %)?		Please select (v)	%
		Jordan clients	
		Syrian customers inside camp	
		Syrian customers outside camp (self-settled)	
		International Organizations (please specify)	
How many owners of the business?			
How many persons share the net profit of the business? (at the level of the owners) CHECK WITH ABOVE			
No. of paid employees?			
How much of your monthly income comes from the business activity(%)?			
How many persons depend on you economically/financially (at HH level)?			

2. Starting Investments

Starting Investment	Value	Purchased from whom? J/S (specify if Jordanian or Syrian supplier)	Direct in-kind contribution by owner/s (approximate value)
Facilities (describe):			
Tool nr. 1 (describe):			
Tool nr. 2 (describe):			
Tool nr. 3 (describe):			
Tool nr. 4 (describe):			
Tool nr. 5 (describe):			
Tool nr. 6 (describe):			
Tool nr. 7 (describe):			
Tool nr. 8 (describe):			
Furniture (describe):			
Office equipment (eg. telephone, computer, laptop, printer..) describe:			
Bureaucratic procedures to legally start up (describe):			
Means of transport (describe):			
Extraordinary maintenance (describe):			
Starting working capital:			

3. Funding Structure

	Own savings INDICATE AMOUNT		Informal loans from relatives, friends, etc. INDICATE AMOUNT	Grants from NGOs/Donors INDICATE AMOUNT	Formal loans (FSPs) INDICATE AMOUNT
Please specify the funding sources of the <u>starting investments</u> (AMOUNT)					
If you already received (formal or informal) loans, please indicate the repayment status (√)	Fully repaid	Partially (if possible, indicate repaid amount)	Not repaid		
Amount of current debts, if any (check with above if possible)					

4. Monthly Average Fixed Costs

Type of Monthly Fixed Costs	Insert Monthly Values
Promoter's salary (if she/he takes a fixed monthly amount – otherwise check downstream net profit)	
Employees' gross salaries	
Transport	
Rent	
General maintenance (forecast a regular provision)	
Insurance	
Electricity	
Water	
Gas and heating	
General consumable materials (e.g. stationery)	
Telephone and communications	
Advertisement/marketing	
Licenses and administrative costs (forecast a regular provision)	
Other fixed general costs	

5. Product Economic Analysis

	Output 1 (product/service)	Output 2 (product/service)	Output 3 (product/service)	Output 4 (product/service)	Output 5 (product/service)
Categories of <u>main outputs (products/services) sold</u> <i>Write description of main final outputs (and business process) – e.g. "loafs (production); canned food (retail); teaching bakery (service)"</i>					
<u>Main</u> raw material/supply used for each output <i>Write description e.g. "flour"</i>					
Unit of measurement of main raw material/supply <i>(you may use the parameter "customer's average purchase" for pure large-scale or small-components retailing activities) Write description: e.g. "1Kg bag of flour"</i>					
Wholesale cost of one unit of raw material/supply (COMPREHENSIVE OF VAT)	JOD	JOD	JOD	JOD	JOD
Specify the final output for sale <i>(or still "customer's average purchase" for retailing activities) Write description e.g. "Loaf"</i>					
No. of final outputs obtained with 1 unit of raw material's supply <i>(write "1" when referred to customer's average purchase)</i>					
Additional raw materials to be added to the final output <i>Write description: e.g. "salt"</i>					
Approximate cost of additional raw materials per <u>single</u> final output - COMPREHENSIVE OF VAT -					
Other direct costs per <u>single</u> final output (e.g. packaging etc.) - COMPREHENSIVE OF VAT -	JOD	JOD	JOD	JOD	JOD
Price per single output for sale - COMPREHENSIVE OF VAT - <i>(or revenues from 1 customer's average purchase – for retailing activities)</i>	JOD	JOD	JOD	JOD	JOD
Average daily number of outputs sold <i>(or average of daily no. of customers for retailing activities) OR (see below) -! PLEASE CONSIDER PRUDENTIAL VALUES FOR THE FIRST OPERATING YEAR !</i>					
<u>OR</u> Average daily revenues from the output sales– <i>! PLEASE CONSIDER PRUDENTIAL VALUES FOR THE FIRST OPERATING YEAR !</i>	JOD	JOD	JOD	JOD	JOD

6. Future Plans

	Own savings (formal – in bank account) INDICATE AMOUNT Jamiyat / savings group INDICATE AMOUNT	Informal loans from relatives, friends, etc. INDICATE AMOUNT	Grants from NGOs/Donors INDICATE AMOUNT	Formal loans (FSPs) INDICATE AMOUNT
Please specify the funding sources of the <u>starting investments</u> (AMOUNT)				
If you already received (formal or informal) loans, please indicate the repayment status (✓)	Fully repaid	Partially (if possible, indicate repaid amount)	Not repaid	
Amount of current debts, if any (check with above if possible)				

	Yes (✓)	No (✓)
Are you planning to leave Jordan in the near future?		
If not, are you planning to develop your business activity?		
If yes what is your plan?		

In general, do you need any specific formal financial service? Choose (max 2)	A safe deposit where to put savings	A service for making and receiving payments	Insurance	Loan for the business activity	Loan for private needs(HH consumption)	Other (specify)

Fill in if the entrepreneur intends to make new investments:

DESCRIBE INVESTMENTS NEEDED	Total Value	To buy from whom? J/S (specify if Jordanian or Syrian supplier)	Specify how much would come from your private savings	Specify how much would come from a formal loan *	Specify how much would come from an informal loan	Specify type and amount of other funding sources

Fill in if the entrepreneur would consider the option of taking a formal loan.

Understanding of reasonable and fair loan conditions considered by the entrepreneurs.

*RECAP – insert amount of the formal loan to be requested	*			
What should be the formal loan duration? IN MONTHS				
What – if any - should be the grace period duration (time before starting to pay back the loan)? IN MONTHS				
What is the instalment amount that you could pay back monthly?				
How much would you pay for the FSP service? (indicate a fair remuneration – <u>overall amount</u> or <u>yearly interest rate %</u>)				
Which guarantees would you be able to provide? (mark 1 or more cells)	A group of Syrian personal guarantors	Jordan personal guarantor/s	Assets, as household or business items (type and value)	Cash collateral (private savings) – Indicate amount

Other _____ type _____ of _____ collaterals (specify) _____

7. Challenges and Opportunities

As a refugee, what primary challenges/barriers have you been / are you faced with when starting / developing a business here in Jordan? _____

Where (which sectors / types of activities) do you think there are opportunities for refugees starting/developing a business here in Jordan? _____

Thank you for sharing your experience and your time!

Annex 4 - List of Interviewed Stakeholders

Institution	Person, Position	Date of interview
UNHCR		
UNHCR	Mrs. Laura Buffoni, Senior livelihoods officer	25 and 27 March 2018
	Mrs. Najwan Aldorgham, Livelihoods associate	
	Mrs. Elizabeth Barnhart, Senior CBI Coordinator	25 March 2018
	Mr. Volker Schimmel, Senior regional CBI coordinator, Office of the Director for the Middle East and North Africa Bureau	25 March 2018
	Mr. Mohamad El Amin, Associate field officer, Zaatari	21 and 22 March 2018
Other donors / international organizations (global level)		
Danish Refugee Council (DRC)	Mrs. Emily Lewis, Livelihoods coordinator	10 May 2018
Norwegian Refugee Council (NRC)	Mrs. Lina Nassar, Community training center, Zaatari district 8	21 March 2018
	Mr. Mehar Musmar, Community training center, Zaatari district 8	
USAID, Local Enterprise Support (LENS) Project	Mr. Rashad Bibars, Chief of party	29 March 2018
	Mrs. Huda el Jack, Deputy chief of party	
	Mr. Chris Statham, Financial inclusion specialist	
	Mr. Sharaf Obeidat, Technical manager	
	Mr. Alessandro Baroni, Senior technical advisor, Access to finance	
Policy/regulatory framework (macro level)		
Central Bank of Jordan	Mrs. Maha M. Bahou, Executive manager, Payments Systems & Domestic Banking Operations and Financial Inclusion	25 March 2018
Ministry of Interior, Syrian Refugee Affairs Directorate (SRAD)	Brigadier General Ahmad Kafaween	29 March 2018
	Colonel Dr. Ali Sheyyab	
Ministry of Planning and International Cooperation (MoPIC)	Mr. Feras Momani, Director, Jordan Compact PMU	29 March 2018
Support structures (meso level)		
Jordan River Foundation (JRF)	Mrs. Majd Suleiman, Projects manager, Community Empowerment Program	29 March 2018
	Dr. Ghassan Ktait, Social training manager	
	Mr. Mohammad Alabbadi, Project manager	

Institution	Person, Position	Date of interview
	Mrs. Leen Serhan , Project coordinator	
	Mrs. Nidaa Saad, Training material instructional designer	
Jordanian Hashemite Fund for Human Development (JOHUD)	Mrs. Lina Bahtaineh Community Support Committee/Center, Sahab district (Amman)	26 March 2018
Tanmeyah	Mr. Saleem Nammari, Executive director	29 March 2018
FSPs (micro level)		
FINCA Jordan	Mr. Mehman Tatliyev, COO	29 March 2018
	Mr. Anas Al Qaisi, Operations manager	25 March 2018
	Mrs. Ghada Al Malouf, Marketing manager	
MicroFund for Women (MFW)	Mrs. Bdour Al-Hyari, Business development manager	25 March 2018
	Mrs. Shainaz Sqaer, Strategic Support Manager	
	Mrs. Rola AlHatamleh, Business development Coordinator	
	Mrs. Manal A. Abdullah, Research Assistant	
Tamweelcom	Mr. Ali Abdel Jabbar, CEO	3 April 2018

Dates in italics: Interviews carried out over telephone/Skype.

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Annex 6 - Jordan Response Plan 2018-2020: Livelihoods Sector Objectives

Objectives	To ensure dignified, sustainable livelihoods, gender equity, and the creation of economic opportunities for Jordanians in host communities and Syrian refugees, as well as strengthened institutional capacity
SSO1	Improved short-term self-reliance measures in order to promote access to income in preparation for long-term economic opportunities
RES1.1	Improving access to sustainable economic opportunities for vulnerable Jordanian and Syrian refugees in host communities through short-term self-reliance interventions
REF1.1	Improving refugees' self-reliance through short-term employment that increases their participation in service provision and infrastructure in camps and host communities
SSO2	Increased access to formal employment opportunities meeting decent work and protection standards
RES2.1	Demand-driven and inclusive vocational training and employability programs for decent employment opportunities
RES2.2	Enhance jobs matching and employment retention services through supporting access to employment and career advisory providers
REF2.1	Demand-driven and inclusive vocational training and employability programs for decent employment opportunities
SSO3	Increase support to entrepreneurs to develop and scale market-driven businesses within an improved enabling environment
RES3.1	Enhance access to sustainable formal self-employment opportunities through entrepreneurship development, promoting innovative ideas and social enterprises
RES3.2	Support existing MSMEs and home-based businesses to grow and stay in the competitive market through providing formalization support and promoting access to financial and non-financial services/products
REF3.1	Facilitating access to alternative pathways of cash transfers through a graduated approach to employment, self-employment and business development
REF3.2	Support starts-ups, and home-based businesses as well as provide growth and formalization support for existing and scalable MSMEs and artisanal businesses
SSO4	Promote sustainable development and long-term growth through increased capacity of national and local institutions
RES4.1	Promote CSOs and cooperatives' capacities in programming and implementing sustainable livelihoods and income generation interventions
RES4.2	Support government actors of timely implementation of Jordan Compact through capacity development
RES4.3	Promote the engagement of private sector actors in livelihoods programming targeting vulnerable Syrian and Jordanians and host communities

Annex 7 – Non-Jordanian Investment Regulation

The Regulation of Non-Jordanian Investments No.77 of 2016, issued in accordance with the provisions of art.10 of the Investment Law No.30 of 2014, specifies that:

art.4 - the share of a non-Jordanian investor cannot exceed 50% in any of the following areas: (i) commercial activities (wholesale and retail sales; leasing activities); (ii) services (engineering; construction; technical testing for construction purposes; photography except for cinematographic and television services; employment facilitation; brokerage, except brokering and financial intermediation by banks and financial services companies; advertising; services of agents, commercial intermediaries and insurance brokers; money exchange except if provided through banks and financial companies; catering services, cafés and cafeterias except for hotels and inns; and travel agencies, tour and tour management); and (iii) transport and related clearance services (namely specialized maritime, air, and road transport services).

art.5 - the share of a non-Jordanian investor cannot exceed 49% in any of the following activities: (i) regular and irregular air transport services for passengers, goods and mail; (ii) passenger and road transport services; (iii) maintenance of means of road transport; (iv) maintenance of broadcasting and related equipment; (v) purchase of land for the construction, sale or lease of residential apartments; and (vi) sports clubs, including the organization of sporting events.

art.6 – a non-Jordanian investor cannot own or contribute either in whole or in part to any of the following activities: (i) stone saws, quarries of construction sand, bricks, building stone and aggregates used for construction purposes; (ii) investigation and security services; (iii) special protection and guarding services and training; (iv) other clearance services (i.e. not covered under art.4); (v) traffic, import and maintenance of firearms and ammunition; (vi) special shooting activities; (vii) traffic, import and use of fireworks; (viii) bakeries; and (ix) crafts and handicrafts activities (although some specifications have yet to be determined).

Annex 8 – Business Case (Zaatari, Poultry Farming)

Location of the business activity	Zaatari
Type of business activity	Start up project of an Informal home-based business activity – Poultry farm

Brief description of the activity

A. is a Syrian refugee living in Zaatari who used to be a chicken farmer and truck driver in Syria. He owns 14 chickens in a domestic henhouse, which is not enough for establishing a proper business activity. His dream is to establish a chicken farm in Zaatari and he has clear ideas about how to do it. At the beginning he would buy 250 chickens. He would buy the livestock during the final part of the year because that is when chickens are making less eggs and hence cost less. The price of a single chicken would be prudentially estimated at 4 JOD each, even though he could contract a cheaper price by buying a higher amount of livestock. 250 chickens would cost him around 1,000 JOD. He knows a Jordanian supplier that could provide him a robust breed of chickens which are very resistant to illnesses. Then he should buy chicken shelters, for a total expense of 1,000 JOD. He would place it in the land nearby his house, enlarging his existing domestic henhouse. He states that young chickens could make around 1 egg every two days. He would sell boxes of 30 eggs for 6 JOD each. A. would also buy an egg incubator for 400 JOD that could help growing 400 chickens per year. He would sell half of the 400 new chickens for 1 JOD each, the other half would become more valuable (10 JOD each) the year after, as they would be ready for making eggs. He would sell eggs both to consumers and to business clients (mainly grocery shops and supermarkets). In Irbid, he says, there is a big market on Friday where nearly 2,000 persons go shopping. The main challenge is electricity for ensuring the incubator to work full time. He would buy a solar system, together with a generator to be used when electricity is not available. The solar panel would cost him around 500 JOD. The overall investment amounts to 2,900 JOD and would ensure a break even in short time – due to low fixed costs – while profitability would grow in the successive years thanks to the increased productivity and higher value of livestock.

Starting investment needed

Chickens shelter	1,000 JOD
Incubator	400 JOD
Solar battery	500 JOD
Starting working capital (250 chickens for 4 JOD each)	1,000 JOD
TOTAL INVESTMENT	2,900 JOD

Monthly Average Income Statement& Cash flow *

		Eggs sales	Chickens sales
Monthly gross revenues	768 JOD	750 JOD	18 JOD
Monthly direct costs	0 JOD	0 JOD	0 JOD
Contribution margin (to cover fixed costs)	768 JOD	750 JOD	18 JOD
Transports	20 JOD		
Food for animals	210 JOD		
General maintenance (regular provision)	50 JOD		
Electricity (generator for when the solar battery is not working)	50 JOD		
Water	30 JOD		
Other general fixed costs	80 JOD		
Total monetary fixed costs	440 JOD		
MONTHLY CASH FLOW (not considering loan instalments)	328 JOD		
Depreciation	32 JOD		
Monthly NET PROFIT	296 JOD		

*Estimation considers only the 1st year of activity.

SUMMARY TABLE OF THE BUSINESS PROJECT		Chicken farm	Products / Services for sale	
a. CURRENT PROFITABILITY	Location of the business activity	Zaatari (home-based business)	Egg sales	Chicken sales
	Monthly break even revenues	440 JOD	430 JOD	10 JOD
	Current monthly gross revenues <i>(green or red if above or below the break even)</i>	768 JOD	750 JOD	18 JOD
	Monthly net cash flow (average)	328 JOD		
b. FINANCIAL STRUCTURE	Starting value of the project	2,900 JOD	100%	
	Of which: from promoter's savings	200 JOD	7%	
	Of which: business loan to request	2,700	93%	

Annex 9 – Business Case (Zaatari, Ice Cream Parlor and Fast Food)

Location of the business activity	Zaatari
Type of business activity	Existing informal business activity in the Zaatari market place – Ice cream parlor and fast food

Brief description of the activity

M. is a Syrian refugee living in Zaatari. He had the opportunity to buy the entire shop of his cousin as he went back to Syria.

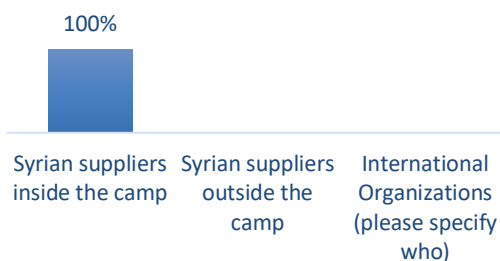
After 1 year he bought a 500 JOD solar battery to supply electricity.

He could deal a good overall price for the facility and the equipment. He likes his job however profitability is quite low because has to keep prices very cheap to be competitive and affordable to the clients. He sells ice creams for 0.1 JOD each, Shawarmas for 0.25 JOD, beverages for 0.25 JOD and falafel (3 units) for 0.05 JOD.

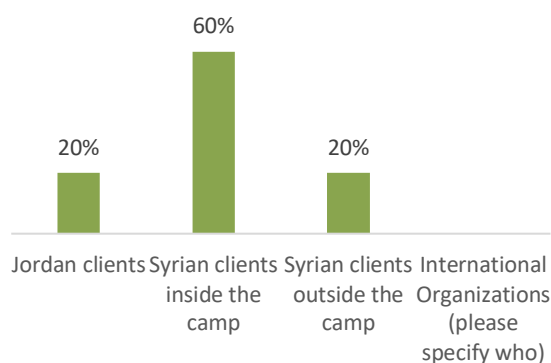
During the summer season he hires an employee for 5 JOD per day to sell more ice creams.

M. would like to expand the business activity by means of new investments as a new machine for ice creams.

Origin of suppliers



Origin of clients



Persons involved in the business activity

No. of business owners& gender	1 (male)
No. of employees	1 (only for the summer season)

Starting investments

Facility	500 JOD
Technical equipment as fridge, equipment for cooking falafel and ice cream machine	400 JOD
Solar battery	500 JOD
TOTAL INVESTMENT	1,400 JOD
Source of starting resources	<ul style="list-style-type: none"> - Entrepreneur's own savings (400 JOD) - Reinvestment of revenues (500 JOD) - Loan from his relatives (500 JOD)

Future projects & financial needs

M. would apply for a 500 JOD business loan to buy a new ice cream machine.

He has an outstanding 100 JOD informal loan. The loan he received from his relatives to buy the shop have been fully repaid. He does not need other financial services.

In order solve the problem of storing liquidity safely he pays the suppliers at the time.

Desired loan conditions

Loan amount to be requested	500 JOD			
What should be the formal loan duration? IN MONTHS	21			
What is the instalment amount that you could pay back monthly?	20 JOD			
How much would you pay for the FSP service? (indicate a fair remuneration – <u>overall amount</u> or <u>yearly interest rate %</u>)	3-5%			
Which guarantees would you provide?	A group of Syrian personal guarantors	Jordanian personal guarantor/s	Assets, as household or business items	Cash collateral (private savings)
	✓			

Monthly Average Income Statement& Cash flow

		Ice creams	Shawarmas	Beverages	Falafel
Monthly gross revenues	1,020 JOD	750 JOD	187 JOD	52 JOD	30 JOD
Monthly direct costs	494 JOD	300 JOD	150 JOD	38 JOD	6 JOD
Contribution margin (to cover fixed costs)	526 JOD	450 JOD	37 JOD	14 JOD	24 JOD
Employee gross salaries (Average value – only for the summer season)	75 JOD				
Regular maintenances	15 JOD				
Gas and heating (Pays 10 JOD per day for gasoline)	300 JOD				
Total monetary fixed costs	390 JOD				
MONTHLY CASH FLOW	136 JOD				
Depreciation	17 JOD				
Monthly NET PROFIT	119 JOD				

		SUMMARY TABLE OF THE BUSINESS PROJECT	Ice cream parlor & fast food	Products / Services for sale		
a. CURRENT PROFITABILITY	Location of the business activity	Zaatari Market	Ice creams	Shawarma	Beverages	Shawarma
	Monthly <u>break even revenues</u>	789 JOD	580 JOD	145 JOD	41 JOD	23 JOD
	Current monthly gross revenues (<i>green or red if above or below the break even</i>)	1,020 JOD	750 JOD	188 JOD	53 JOD	30 JOD
	Monthly net cash flow (average)	119JOD				
	Current Debts	100 JOD				
b. FINANCIAL STRUCTURE	Starting value of the project	1,400 JOD	100%			
	Of which: from promoter’s savings / reinvestments	900 JOD	64%			
	Of which: from informal loans	500 JOD	36%			
	Business loans needed	500 JOD(To buy a new ice cream machine)				

Annex 10 – Business Case (Amman, Women Clothing)

Location of the business activity	Amman
Type of business activity	Existing informal home-based business in Amman – Trade of women clothes

Brief description of the activity

M. is a Syrian woman who started a home-based business on clothes trading.

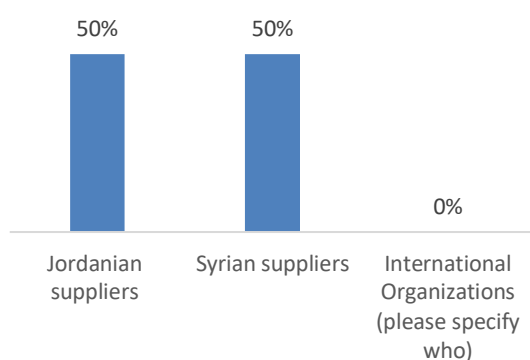
She and her sisters received a business grant from a Jordanian NGO with the condition to do not drop their children out of school. They attended a 1-week course on business training and then started the activity. They have been working for 7 months to date. They buy female clothes and resell to private clients, then they split 50% of the profit.

Summer is the high season for sales. They are happy about their activity because it supports their household income, although is not sufficient for overall needs as it contributes for about 30% of the overall household income.

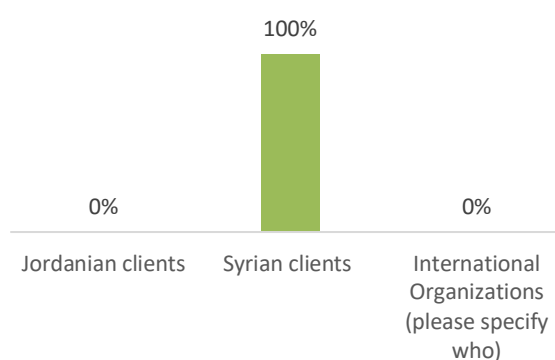
She knows quite well the clothing market as her husband used to trade clothes in Syria; however, her dream would be to set up a food processing HBB because she is very good at cooking.

She would be interested in loans for private consumption but only if compliant with Islamic Shari'a (no interest rates charge).

Origin of suppliers



Origin of clients



Monthly Average Income Statement& Cash flow *

		Lady dresses	Pajamas	Jeans	Underwear	Robes	Children clothes
Monthly gross revenues	277 JOD	30 JOD	40 JOD	37 JOD	30 JOD	27 JOD	112 JOD
Monthly direct costs	145 JOD	15 JOD	25 JOD	25 JOD	12 JOD	18 JOD	50 JOD
Contribution margin (to cover fixed costs)	132 JOD	15 JOD	15 JOD	12 JOD	18 JOD	9 JOD	62 JOD
Transports	15 JOD						
Packaging (plastic bags)	5 JOD						
Telephone and communication	7 JOD						
Total monetary fixed costs	27 JOD						
MONTHLY CASH FLOW	107 JOD						
Depreciation	0 JOD						
Monthly NET PROFIT	107 JOD						

		SUMMARY TABLE OF THE BUSINESS PROJECT	Bicycle shop	Products / Services for sale					
		Location of the business activity	Amman	Lady dresses	Pajamas	Jeans	Underwear	Robes	Children clothes
a. CURRENT PROFITABILITY		Monthly <u>break even point</u>	21	3	2	5	4	1	6
		Monthly <u>break even revenues</u>	60 JOD	6 JOD	8 JOD	8 JOD	6 JOD	6 JOD	26 JOD
		Current monthly gross revenues (<i>green or red if above or below the break even</i>)	277 JOD	30 JOD	40 JOD	37 JOD	30 JOD	27 JOD	112 JOD
		Monthly net cash flow (average)	107JOD						
b. FINANCIAL STRUCTURE		Starting value of the project	640 JOD	100%					
		Of which: grant from NGO	640 JOD	100%					

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