

# EDA WORKING PAPER



## **Livelihoods for Syrian Refugees:**

Transitioning from a Humanitarian to a Developmental Paradigm  
*Labour Market Integration in Jordan and Turkey*

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## Abstract

Several countries that have been hosting large numbers of Syrian refugees since 2011 have recently started experimenting with integrating them into their respective labour markets. This development can be seen as part of a paradigm shift in which host countries are changing their policy assumptions with regard to Syrian refugees. Instead of designing policies from a 'temporary and humanitarian' perspective, governments are increasingly seeking more 'developmental and (semi-)permanent' solutions.

The drivers of this change in thinking are country-specific, but include the acknowledgment of the protracted nature of the Syrian crisis and the unsustainability of providing social protection (education, housing, health care) to large numbers of Syrians, while receiving little in state revenues in return. Especially for Syria's neighbours, increasing the self-reliance of refugees is becoming particularly critical in the context of insufficient funding and the fact that, given political developments in key donor states, the international community is likely to press more often for 'solutions in the region'.

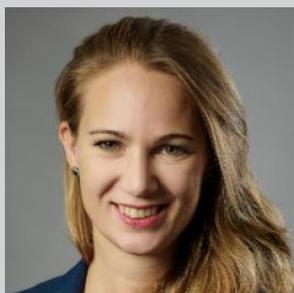
This paper examines this shift in thinking from 'humanitarian' to 'developmental' in the Turkish and Jordanian contexts. Through these two case studies, the authors discuss the current state of employment and employability of Syrian refugees in Jordan and Turkey, assess related policy trends and analyse the role of the international community in bringing about and nurturing this paradigm shift. The paper concludes with a set of policy recommendations at the level of both international diplomacy and international business, aimed at assisting Jordan and Turkey in their respective quests to enable dignified and productive livelihoods for Syrian refugees.



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## 1. Introduction

The world is faced with the largest forced displacement of people in history, with 65.3 million people displaced by the end of 2015, of whom 23.1 million are refugees and an estimated 10 million stateless.<sup>1</sup> According to the Office of the United Nations High Commissioner for Refugees (UNHCR), the Middle East and North Africa (MENA) and Turkey host the largest percentage of the total displaced (39%). Most of today's refugees come from Syria, followed by Afghanistan and Somalia.<sup>2</sup> Since the start of the conflict in Syria, to January 2017, UNHCR has registered a total of 4.86 million Syrian refugees in the MENA region and Turkey. Egypt, Iraq, Jordan and Lebanon host 2.1 million refugees, and Turkey alone hosts 2.9 million. Alarming, these numbers do not include those that left Syria during the crisis and have not registered as refugees. In addition, Syria's neighbours had already hosted large numbers of Syrian migrant workers before the start of the crisis, most of whom remain unregistered but are equally unable to return home.

There is no doubt that host countries are facing an enormous challenge in dealing with the large numbers of displaced people that the Syrian conflict has generated since 2011. As the crisis developed, governments struggled to keep up with changing realities. Understandably, in the initial phases of the crisis, the responses and policies were based on the assumption that the situation would only be temporary. Due to the sheer numbers, Syria's neighbours – Jordan, Turkey and Lebanon in particular – soon became overwhelmed and struggled to establish temporary protection legislation for those fleeing the violence. Makeshift refugee camps grew out of proportion, with some rapidly taking on a more city-like character, such as Zaatari Refugee Camp in Jordan. But hidden from the many headlines that focused primarily on these camps, the vast majority of refugees settled among the native host population in cities and villages, often disappearing through the cracks of the system into informality and illegality.

The past year, 2016, can be noted as the year that Syrians, the societies hosting them, as well as the larger international community, began to acknowledge that the situation is less temporary than expected. Policymakers are realising that those who have fled violence in Syria are likely to remain in their host communities for many years, with many never actually returning home. At the same time, host countries have recognised that the current situation is unsustainable from an economic and political perspective.

As a consequence, policy responses have shifted from purely humanitarian and temporary solutions toward approaches that are more developmental and (semi-)permanent in nature. The Supporting Syria and the Region Conference, held in February 2016 in London, marked this turning point and forced those involved to start developing a new framework to address the consequences of the protracted war in Syria.<sup>3</sup> Notably, for the first time, the issue of livelihoods and employment surfaced solidly on the political agenda. It has firmly remained a key focus in subsequent discussions.

<sup>1</sup> UNHCR. 2016. "Global forced displacement has increased in 2015", accessed November 2016 <http://www.unhcr.org/576408cd7>

<sup>2</sup> "Figures at a Glance" UNHCR, accessed November 2016 <http://www.unhcr.org/figures-at-a-glance.htm>

<sup>3</sup> "Supporting Syria and the Region", accessed November 2106 <https://www.supportingsyria2016.com/>

This shift in thinking does not come without its political delicacies. While providing temporary shelter and protection is viewed as an obligation for states hosting displaced populations, acknowledging permanency via the right to work is more politically sensitive. Yet, the urgency of providing Syrian refugees with legal opportunities for employment as a means to support themselves, as well as to contribute to host societies, has overshadowed many other considerations. The international community, partly linked to a rise of more nationalist politics in key donor countries, has also started changing its approach towards Syrian refugees, ever more often advocating solutions 'within the region'. At the same time, these donors are showing willingness to assist refugee-hosting countries in turning the Syrian refugee crisis into a development opportunity.

This paper examines this shift in thinking from 'humanitarian' to 'developmental' in the Turkish and Jordanian contexts. The analysis is based on a review of the existing literature and a significant number of interviews conducted in Amman, Zaatari Refugee Camp and Istanbul, as well as ongoing communication with the development and humanitarian communities in Jordan and Turkey.<sup>4</sup> The authors discuss the current state of employment and employability of Syrian refugees in Jordan and Turkey, assess related policy trends and analyse the role of the international community in bringing about this paradigm shift. The paper concludes with a set of policy recommendations at the level of both international diplomacy and international business, aimed at assisting Jordan and Turkey in their respective quests to enable dignified and productive livelihoods for Syrian refugees.

<sup>4</sup> The authors are thankful for the funding of the Emirates Diplomatic Academy (EDA), which allowed them to undertake indispensable, fruitful field trips to Jordan and Turkey, and express gratitude to UNHCR for its support in providing access to relevant interviewees and places of interest.

## 2. The Status of Syrian Refugees in Jordan and Turkey

### 2.1. Numbers and Legal Status

To understand the challenge of labour market integration of Syrian refugees, it is important first to gain an understanding of the current situation with regard to the numbers of Syrian refugees in Jordan and Turkey, as well as their legal status, including the right to work.

Jordan and Turkey are among the world's top hosts of displaced populations from other countries. Turkey, with 2.9 million registered Syrians, hosts the largest number of refugees. Jordan has registered 655,000 Syrian refugees, making it the sixth largest host.<sup>5</sup> The number of unregistered Syrian refugees in these countries is believed to at least equal those registered. The International Labour Organization (ILO) estimates that there are around 741,000 unregistered refugees in Jordan, their residence often predating the crisis, bringing the total of Syrians in Jordan to nearly 1.4 million.<sup>6</sup> In Turkey, the total number of unregistered Syrians is difficult to ascertain. It is estimated that there could be as many as four million Syrians on Turkish soil. Those who arrived prior to 2014 were automatically issued with residence permits and not registered as refugees<sup>7</sup>, due to Turkey's longstanding open border policy with Syria.<sup>8</sup>

Although much of the media and international attention has focused on the situation of Syrian refugees in the many camps housing registered refugees, only approximately 10% of the displaced Syrians live in camps in Jordan and Turkey. The remainder are hosted in cities and villages, where they (often collectively) have rented accommodation, reside in informal settlements and have found work in the informal economy. In Jordan, the majority of displaced Syrians are centered around Amman and in the north. In Turkey, the highest concentration of displaced Syrians is in the southern regions bordering Syria as well as in Istanbul, which, according to estimates by the Turkish Ministry of Interior's Directorate General of Migration Management, hosts approximately half a million Syrians.<sup>9</sup>

Both Turkey and Jordan do not host Syrians under the tenets of the 1951 Refugee Convention and its 1967 Protocol. Jordan is not a signatory to this international agreement. Yet, despite this, the Jordanian government refers to Syrians as refugees and provides appropriate protection, including the right to education and health care, but did so initially without providing the right to work. In contrast, Turkey is a signatory to the Refugee Convention but maintains geographical limitations with the consequence that only Europeans can automatically be classified as refugees. From a Turkish legal perspective, Syrians therefore do not fall under the Convention, and in line with this, the Turkish government initially referred to those displaced from Syria as 'guests'. The displaced Syrians were treated as foreigners who needed to hold a residence permit. In the early days of the crisis, Turkey provided these permits to most people crossing the border, thereby allowing Syrians freedom of movement throughout the country.

<sup>5</sup> "Syria Regional Refugee Response" 3RP, accessed November 2016, <http://data.unhcr.org/syrianrefugees/regional.php>.

<sup>6</sup> International Labour Organization. 2015. "Work permits for Syrian refugees in Jordan", accessed November 2016. [http://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms\\_422478.pdf](http://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_422478.pdf).

<sup>7</sup> According to the Ministry of Interior Directorate General of Migration Management, there are 48,700 Syrians with residence permits: [http://www.goc.gov.tr/icerik3/residence-permits\\_915\\_1024\\_4745](http://www.goc.gov.tr/icerik3/residence-permits_915_1024_4745), accessed February 2017.

<sup>8</sup> Istanbul Policy Centre. Interview by authors, Istanbul, 29 August, 2016.

<sup>9</sup> Republic of Turkey Ministry of Interior Directorate General for Migration Management, accessed November 2016 [http://www.goc.gov.tr/icerik3/temporary-protection\\_915\\_1024\\_4748](http://www.goc.gov.tr/icerik3/temporary-protection_915_1024_4748).

As the term 'guest' was deemed confusing from a legal point of view and untenable in the long term given the numbers, in April 2014, Turkey adopted a Law on Foreigners and International Protection, allowing protection and assistance for displaced populations, regardless of their country of origin. Under this law, Turkey offers 'temporary' protection, with no time limit. This gives displaced people the right to education and health care as well as employment upon obtaining a work permit. Under the current laws, employers can thus employ Syrians legally six months after they registered for the status of 'under temporary protection'. To ensure that employers would not favour Syrian workers over Turkish workers, the current law stipulates that the number of refugees employed in one workplace must not surpass 10% of the number of Turkish employees in that same workplace.

### Box 1: Providing Permanency through 'Turquoise Cards'

In July 2016, Turkey launched a policy recognising highly skilled labour, when it adopted the International Labour Force Law. Under this law, foreigners and those under temporary protection can apply for a work permit, valid for one year, which will be extended with each renewed application. Foreigners who hold legal work permits for at least eight years have the right to apply for indefinite work permits or 'Turquoise Card' permits.

These 'Turquoise Cards' are specifically aimed at highly skilled migrants whose education and professional experience are considered crucial to Turkey's economy. There is an emphasis on professions in the field of science and technology, as well as entrepreneurs whose investments can have a positive effect on the Turkish economy. Similar to the US's Green Cards, they provide a more permanent status in Turkey.<sup>10</sup>

## 2.2. The Economic Impact of Hosting Syrian Refugees: An Ongoing Debate

In recent years, debates over the extent of the economic and social impact of refugees on host communities have remained inconclusive. It is unclear how much of the change in Jordan's and Turkey's domestic economies has been caused by the influx of the large number of Syrian refugees, and how much has been caused by other factors, including general regional instability and the closure of the borders with neighbouring countries (in the case of Jordan) that curtailed trade, in addition to the global economic downturn and structural constraints in the domestic economy.<sup>11</sup>

Several organisations and entities believe that the refugee crisis has placed significant strains on host economies. For example, according to a report by Jordan's Ministry of Planning and Interior, the country has overall witnessed a 30% increase in youth unemployment, a 40% increase in water demand and up to a 300% increase in rents in areas with large Syrian communities.<sup>12</sup> The ILO reiterates the impact the crisis has had on unemployment.<sup>13</sup> For both Jordan and Turkey, the overall cost of hosting Syrian refugee communities is also exacerbated by the loss of their livelihoods, which limits their contribution to the host country's economy and to public revenues.

<sup>10</sup> Turkish Labour Law, accessed November 2016 <https://turkishlaborlaw.com/news/business-in-turkey/417-turkey-s-turquoise-card>.

<sup>11</sup> Taylor Luck. 2016. "Jordan's Syrian Refugee Economic Gamble" Middle East Institute, May 24, 2016, accessed November 2016 <http://www.mei.edu/content/article/jordan-s-syrian-refugee-economic-gamble>.

<sup>12</sup> Hashemite Kingdom of Jordan, Ministry of Planning and International Cooperation "Jordan Response Plan for the Syria Crisis Appeal 2016-2018", accessed November 2016. <http://static1.squarespace.com/static/522c2552e4b0d3c39ccd1e00/t/56b1e4013c44d80f317f94f1/1454498856386/Appeal+16-18+EN.pdf>.

<sup>13</sup> International Labour Organization. "The ILO Response to the Syrian Refugee Crisis (February 2016 update)", accessed November 2016. [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/publication/wcms\\_357159.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/publication/wcms_357159.pdf)

What can be ascertained is that hosting refugees places a burden on the budgets of states that run refugee camps and provide schooling and health care services to refugees. The International Monetary Fund's (IMF) most recent update states that 'estimates of the macroeconomic impact from the Syrian refugees suggest a decreasing but continued negative impact on growth, the balance of payments and public finances'.<sup>14</sup>

However, others see mainly positive effects. Several economists have speculated that the increased economic growth in Turkey is due to the presence of Syrian refugees boosting consumption spending and that they are therefore a driving force in economic growth. At the same time, such commentators anticipate that growth may not be sustainable.<sup>15</sup>

Determining how official, publicly-stated figures relate to actual spending on refugees is difficult. President Recep Tayyip Erdoğan, in September 2016, claimed that Turkey had spent US\$25 billion hosting Syrian refugees since 2011. It was widely recognised that this figure was used for its general shock effect, but even the more moderate figure of US\$10 billion quoted by Turkey's Disaster and Emergency Management Presidency (AFAD), is significant.<sup>16</sup> In Jordan, the cost of hosting Syrian refugees has been estimated by the World Bank to be US\$2.5 billion a year.<sup>17</sup> Public debt figures have nearly doubled from US\$18.9 billion when the Syrian crisis began in 2011 to US\$35.2 billion in 2016,<sup>18</sup> with its debt to GDP ratio rising to 90%.<sup>19</sup> Jordan's 2016 budget deficit is estimated to be approximately US\$1.8 billion, up from US\$1.44 billion in 2011.<sup>20</sup>

A positive trend can be discerned with regard to entrepreneurship and small businesses, both formally and informally. The conflict in Syria has forced large numbers of people across borders and many of them brought businesses and entrepreneurial skills. To illustrate, in Turkey in 2015, Syrians established 1,429 registered companies and invested US\$71 million in joint ventures with Turkish companies, equating to approximately 20% of the foreign direct investment in local partnerships in Turkey.<sup>21</sup> In 2016, 1,764 companies were established by Syrians in Turkey, bringing the overall number of businesses established by Syrians to approximately 5,000.<sup>22</sup> This development in itself has also led to job creation.

<sup>14</sup> International Monetary Fund, "Jordan: Staff Concluding Statement of the 2016 Article IV Mission and First-Review under the Extended Fund Facility", November 2016, accessed February 2016, <https://www.imf.org/en/News/Articles/2016/11/14/MS111416-Jordan-Staff-Concluding-Statement-of-the-2016-Article-IV-Mission-First-Review-Under-EFF>.

<sup>15</sup> "Syrian refugees boost Turkish economy, but for how long?", Al Monitor, April 6, 2016, accessed November 2016 <http://www.al-monitor.com/pulse/originals/2016/04/turkey-syria-refugees-boost-economy-but-for-how-long.html>.

<sup>16</sup> "How did Ankara's spending on Syrian refugees jump to \$25 billion?" Al Monitor, September 30, 2016, accessed November 2016, <http://www.al-monitor.com/pulse/originals/2016/09/turkey-syria-refugees-mind-blogging-increase-expenses.html>.

<sup>17</sup> "By the Numbers: The Cost of War & Peace in the Middle East" World Bank, February 4, 2016, accessed November 2016 <http://www.worldbank.org/en/news/feature/2016/02/03/by-the-numbers-the-cost-of-war-and-peace-in-mena>.

<sup>18</sup> Mohammad Ghazal "IMF conditions for deal tough, 'but we will make it' — minister" The Jordan Times, April 25, 2016, accessed November, 2016, <http://www.jordantimes.com/news/local/imf-conditions-deal-tough-we-will-make-it%E2%80%99-%E2%80%94-minister>

<sup>19</sup> "House passes 2016 state budget bill", The Jordan Times, January 14, 2016, accessed November 2016 <http://www.jordantimes.com/news/local/house-passes-2016-state-budget-bill>.

<sup>20</sup> "House passes 2016 state budget bill".

<sup>21</sup> Karen Leigh, "Syrian Firms Take Refuge Abroad—and Create Jobs" The Wall Street Journal, 11 March, 2016, accessed November, 2016 <http://www.wsj.com/articles/syrian-firms-fleeand-create-jobs-amid-the-refugee-crisis-1457712969>.

<sup>22</sup> The Union of Chambers and Commodity Exchanges of Turkey, accessed January 2017 <http://tobb.org.tr/BilgiErisimMudurlugu/Sayfalar/Eng/KurulanKapananSirketistatistikleri.php>.

In Jordan, some Syrian businesses have set up in free zones. These free zones reportedly have annual exports of US\$5 billion and in 2015, US\$0.5 billion came from newly established Syrian companies.<sup>23</sup> One notable example mentioned by interviewees is the Syrian food manufacturing enterprise Al Durra General Trading and Investment Company, which now employs over 450 Syrians and Jordanians and is looking to expand further.<sup>24</sup> In addition, many more small businesses have emerged in the informal sector. Zaatari camp alone has reportedly seen the establishment of around 3,000 businesses run by Syrian refugees, at times through an equal partnership with a Jordanian citizen. One report estimated these businesses to generate around US\$13 million per month.<sup>25</sup>

### 2.3. Making a Living in the Informal Sector

While in principle Syrian refugees were able to work legally in Turkey from 2014 onward, in Jordan up until early 2016, it was difficult for Syrian refugees to have a formalized job with a work permit. By now, Syrian refugees in both countries have the right to work. However, before Syrian refugees were granted the right to work, the majority of those that wanted to work, found employment in the informal sector, often selling their services for less than the then-prevailing rates.<sup>26</sup>

Indeed, in Jordan and in Turkey, at least until early 2016, according to several interviewees, almost all economically active Syrians worked informally. Historically, both Jordan and Turkey have significant informal economies. The informal economy in Jordan in 2010 was estimated to comprise 44% of total employment.<sup>27</sup> Likewise in Turkey in 2011, nearly 40% of private sector employees were informal.<sup>28</sup> Unregistered employment is particularly prevalent in agriculture, construction, hospitality, retailing, commerce and transportation.

Within the informal sectors, Syrians are believed to crowd out other migrant groups and local workers as employers generally characterise them as more productive and willing to accept lower wages, often far below the legal minimum. In the Turkish informal sector, Syrians tend to predominantly displace migrant workers from Armenia and Georgia, as well as Turks working in the informal sector. While putting other migrant groups out of work, the picture is not always negative for Turks active in the informal sector. The presence of large numbers of Syrians have actually generated more formal jobs, due in part to increased requirements for services and infrastructure to host Syrians in Turkey, and has led to an increase in average wages for Turkish workers.<sup>29</sup>

<sup>23</sup> "Syrian Firms Take Refuge Abroad".

<sup>24</sup> "Syrian Firms Take Refuge Abroad".

<sup>25</sup> Amy Guttman, "Syrian entrepreneurs thrive in Zaatari refugee camp" ABC News, 22 November 2016, accessed November 2016, <http://www.abc.net.au/news/2016-11-22/syrian-entrepreneurs-thrive-in-zaatari-refugee-camp/8009324>.

<sup>26</sup> The ILO defines an informal economy as the space in which 'economic activities by workers and economic units that are, in law or in practice, not covered or insufficiently covered by formal arrangements'.

<sup>27</sup> UNDP. 2013. "The Informal Sector in the Jordanian Economy" accessed November 2016 <http://www.undp.org/content/dam/jordan/docs/Publications/Gov/The%20Informal%20Sector%20in%20the%20Jordanian%20Economy-jo.pdf>

<sup>28</sup> Ximena V. Del Carpio and Mathis Wagner. 2015. "The Impact of Syrian Refugees on the Turkish Labor Market" World Bank Group, Policy Research Working Paper 7402, accessed November 2016 <http://documents.worldbank.org/curated/en/505471468194980180/pdf/WPS7402.pdf>.

<sup>29</sup> Ximena V. Del Carpio and Mathis Wagner. 2015. "The Impact of Syrian Refugees on the Turkish Labor Market" World Bank Group, Policy Research Working Paper 7402, accessed November 2016 <http://documents.worldbank.org/curated/en/505471468194980180/pdf/WPS7402.pdf>.

In Jordan, in the informal sector, Syrian workers tend to predominantly replace migrant workers from Egypt. The sectors in which displacement of other migrant groups is most noticeable are those of agriculture and construction. Despite the public perception that Syrians do compete for jobs with Jordanians, Jordanians themselves have traditionally been reluctant to work in these sectors, with approximately only 7% of the Jordanian workforce working in construction and 2% in agriculture, where they mainly can be found in management roles.<sup>30</sup>

<sup>30</sup> Sean D. Thomas, Mays Abdel Aziz and Erica Harper. 2015. "Forging New Strategies in Protracted Refugee Crises: Syrian Refugees and the Host State Economy: Jordan Case Study" WANA Institute, accessed November 2016  
<http://wanainstitute.org/en/publication/forging-new-strategies-protracted-refugee-crises-syrian-refugees-and-host-state-economy>.

### 3. International Engagement and Shifting the Policy Paradigm

#### 3.1. International Support

In contrast to many other global crises, the one in Syria has captured international attention, with media, politicians and celebrities eager to be seen to be doing something for Syrian refugees. As a result, external sources of financing to assist the countries hosting large numbers of Syrians have been relatively forthcoming, not only from donors and the international community, but also from the private sector. The year 2016 witnessed a large number of international conferences aimed at raising humanitarian aid and other support to help those affected by the Syrian crisis.

At the Supporting Syria and the Region Conference held in February 2016 in London, world leaders, international non-governmental organizations (INGOs), non-governmental organization (NGOs) and the private sector gathered to raise funds for those affected. Co-hosted by the UK, Germany, Kuwait, Norway, and the United Nations, the conference raised US\$12.1 billion in pledges – US\$6 billion for 2016 and a further US\$6.1 billion for 2017-20.<sup>31</sup>

The Syrian crisis was also one of the main issues discussed at the UNHCR resettlement conference in Geneva in March 2016 and the World Humanitarian Summit held in Istanbul in April of the same year. The Leaders' Summit that followed during the United Nations General Assembly (UNGA) in September saw some of this goodwill translated into concrete pledges. The meeting was attended by a total of 50 countries and organizations, including six from the MENA region. Taken together, participants increased their humanitarian aid pledges by US\$4.5 billion and doubled resettlement options around the world, for UNHCR registered refugees, to more than 360,000.

Yet with an estimated 13 million people of concern, the costs to host countries and others in the international community are mounting. In 2016, the funding requirements from appeals for the crisis as per the Syria Humanitarian Response Plan 2016 and the Syria Regional Refugee and Resilience Plan (3RP) for that year, were only partially met with US\$4.3 billion (56%) of the US\$7.7 billion required.<sup>32</sup>

National response plans of refugee-hosting countries have also remained underfunded by the international community. For example, the Jordan Response Plan (JRP) states that of its US\$2.657 billion funding requirement, only US\$1.436 billion (54%) has been met by the international community.<sup>33</sup> Looking at funding from the EU alone to Turkey, since the beginning of the crisis, an overall amount of €365 million has been provided to directly support Syrian

<sup>31</sup> "Supporting Syria and the region: Post-London conference financial tracking: Report One" September 2016, accessed November 2016, <https://2c8kkt1ykog81j8k9p47oglb-wpengine.netdna-ssl.com/wp-content/uploads/2016/11/Final-Syria-Report-Sept-16.pdf>.

<sup>32</sup> "Financial Tracking Service" Accessed January 2017 <https://fts.unocha.org/content/syria-regional-crisis-2016-overview>.

<sup>33</sup> "2016 Financial Update" Ministry of Planning and International Cooperation, January 2, 2017, accessed January 2017 <https://static1.squarespace.com/static/522c2552e4b0d3c39ccd1e00/t/586e1b1d3e00bed6a0bc7ccd/1483610911164/Financial+Update+-+January+3+2017+-+V2.pdf>.

refugees and Turkish host communities. In December 2015, the EU Trust Fund committed €350 million for urgently needed aid to 1.5 million refugees and overstretched host communities in Lebanon, Turkey, Jordan and Iraq.<sup>34</sup> Yet, even these significant commitments do not cover the costs of hosting refugees, the remainder being borne by the host governments.

### 3.2. Encouraging a Paradigm Shift Towards Economic Independence

As observed in the agenda-setting of the many international conferences in 2016, as well as in the decisions made by host countries, the need to provide a pathway to economic independence for Syrian refugees has become a priority. There are several underlying and intertwined reasons why this shift is taking place and why it has become urgent, after a six-year-long focus on temporary measures. These include:

- **The protracted nature of the Syrian crisis.** Even though many Syrians are hoping to return home at some point in the future, the international community – as well as Syrians themselves – have realised that they are likely to stay in their host countries for a long period of time. Many are for now resigned to the fact that they need to rebuild their lives in their new communities, including through more permanent solutions for education and employment.
- **The risk of societal tensions.** The hosting of large numbers of Syrians has been regarded as a humanitarian imperative in the neighbouring countries. However, with the passage of time and the situation becoming more permanent, there is a risk that societal tensions may grow between citizens and migrants competing for state services such as healthcare and education, as well as competing for jobs in the (in)formal sector and for attention of (I)NGOs.
- **The loss of state revenue.** At the moment, Syrian refugees receive state benefits, though do not always contribute towards the state's finances when businesses and employment remain 'informal'. The fact is that most Syrians who want to work find employment in the informal sector, and as a result, governments receive no taxes or contributions toward social security budgets. Lifting refugees (and citizens alike) out of informality could bring significant economic benefits. For example in Jordan, social security, except for unskilled agricultural workers and household helpers, should be paid monthly and is calculated at 21% of the monthly wages (with the employer obliged to pay 14%, and the employee the remainder). Payment of this would provide a much needed increase in government revenue.

<sup>34</sup> "Communication from the Commission to the European Parliament and the Council on the State of Play of Implementation of the Priority Actions under the European Agenda on Migration, EU-Turkey Joint Action Plan – Implementation Report" European Commission, February 2, 2016, accessed November 2016, [https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/proposal-implementation-package/docs/managing\\_the\\_refugee\\_crisis\\_state\\_of\\_play\\_20160210\\_annex\\_01\\_en.pdf](https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/proposal-implementation-package/docs/managing_the_refugee_crisis_state_of_play_20160210_annex_01_en.pdf).

- **Exploitation in the labour market.** Refugees working in the informal sector are especially vulnerable to exploitation and can be forced to work long hours, without any time off, for the lowest possible wage. Child labour has also been a particularly delicate issue amongst Syrian refugee communities, with parents using their children to create additional income in light of depleted savings and adults being unable to access legal employment.<sup>35</sup> As an extreme example, in Hatay, in southeast Turkey, approximately 24% of the Syrian households reportedly send their children to work, and around 90% of these children work more than eight hours a day.<sup>36</sup>
- **(Future) decline in international aid.** With the Syrian crisis becoming increasingly protracted, it is likely that media and political attention will decrease and change in nature. And given political developments in key donor states, including the rise of more nationalist politics, the international community is increasingly likely to demand 'solutions in the region'. Funding gaps are likely to grow and if host countries are forced to bear an ever-larger share of the burden, it will be increasingly important for Syrians to have the ability to become economically independent and more self-reliant, in order to build a sustainable model for countries hosting them.
- **Necessity for Syrians to retain skills to return and rebuild Syria.** Unemployment and underemployment can lead to a loss of human capital among the Syrian refugee population, thereby negatively influencing their capacity to contribute to Syria's future economic development. The future reconstruction of Syria rests in the hands of its citizens. Allowing for the employment of Syrians in dignified livelihoods would help to maintain human capital and provides the best chance for the future rebuilding of Syria.

<sup>35</sup> "Economic Impacts of Syrian Refugees Existing Research Review & Key Takeaways" International Rescue Committee, Policy Brief, January 2016, assessed November 2016, <https://www.rescue.org/sites/default/files/document/465/ircpolicybriefeconomicimpactsofsyrianrefugees.pdf>.

<sup>36</sup> Sezen Yalçın. 2016. "Syrian Child Workers in Turkey", Turkish Policy Quarterly, Fall 2016, accessed December 2016, <http://turkishpolicy.com/article/831/syrian-child-workers-in-turkey>.

## 4. (Baby) Steps Towards Labour Market Integration

The above-mentioned factors have contributed to a paradigm shift that became evident in 2016, most prominently during the Supporting Syria and the Region Conference. Instead of seeking solutions to the Syrian refugee crisis from a purely humanitarian perspective, the thinking focused on economic development issues, including questions around livelihoods for Syrian refugees in host countries. In 2016, this has altered both the discussions at the international level as well as the way Turkish and Jordanian authorities approach the participation of Syrian refugees in their domestic economies and labour markets.

Despite political, economic and societal barriers, the key point is that here is a growing recognition of governments in the region and the international community alike, that enabling Syrian refugees in their quest for dignified and productive livelihoods is the only sustainable solution to the current situation. Both Jordan and Turkey (in contrast to Lebanon) have eased regulations allowing Syrians access to legal employment.

Given the difficult economic contexts of Turkey and Jordan, designing policies towards the economic integration of refugees is a great challenge. A superficial examination of the Jordanian context shows a fragile economy. Jordan's official 2014 unemployment rate was 11.1% and official youth unemployment stood at 29%.<sup>37</sup> In 2016, the unemployment rate was 14.8% and youth unemployment was up to 34.8%.<sup>38</sup> Similarly, in Turkey, the unemployment rate increased from 9.9% in 2014 to 11.3% in August 2016.<sup>39</sup> Integrating newcomers in an economy already experiencing problems is indeed politically difficult and needs to be done in a way that both the newcomers and the host communities benefit.

Beyond high unemployment rates among native populations, key challenges include having to design policies within a volatile domestic and international political and security situation. Initiatives also need to take into account the well-known mismatch between skills learned in schools and universities and those needed for employment in the region. The creation of legal jobs is also hampered by the existence of a large informal economy. Several of these barriers are structural, and will require longer-term government actions, while other barriers can easily be addressed with some targeted and innovative thinking.

In this spirit, the London Conference set the challenging target of generating 1.1 million jobs for refugees and host country citizens by 2018, with Jordan's own promises probably the most ambitious.<sup>40</sup> The 'Jordan Compact' that was agreed during the conference set out 'a new holistic approach between the Hashemite Kingdom of Jordan and the international community to deal with the Syrian refugee crisis'. The rationale behind its drafting was that 'a new paradigm is necessary, promoting economic development and opportunities in Jordan to the benefit of Jordanians and Syrian refugees'.<sup>41</sup>

<sup>37</sup> World Bank Data. "Jordan", accessed January 2017, <http://data.worldbank.org/country/jordan>.

<sup>38</sup> "Jordan" World Bank, accessed December 2016, <http://pubdocs.worldbank.org/en/738781475460665083/Jordan-MEM-Fall-2016-ENG.pdf>.

<sup>39</sup> Turkish Statistical Institute, accessed December 2017,

<http://www.turkstat.gov.tr/Start.do;jsessionid=FvBxYwBhfwVKrz3pj723VHhBVqx2zJCmRlTHZK9L9j2yfqQvcXw1!-1523963913>

<sup>40</sup> "Co-hosts declaration from the Supporting Syria & the Region Conference, London" Supporting Syria and the Region London 2016, February 4, 2016, accessed November 2016,

<https://www.supportingsyria2016.com/news/co-hosts-declaration-of-the-supporting-syria-and-the-region-conference-london-2016/>.

<sup>41</sup> "The Jordan Compact: A New Holistic Approach between the Hashemite Kingdom of Jordan and the International Community to deal with the Syrian Refugee Crisis", Supporting Syria and the Region London 2016, February 4, accessed November 2016,

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/498021/Supporting\\_Syria\\_the\\_Region\\_London\\_2016\\_-\\_Jordan\\_Statement.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/498021/Supporting_Syria_the_Region_London_2016_-_Jordan_Statement.pdf). This is consistent with Jordan's Dead Sea Resilience Agenda.

Turkey is less inclined to have the international community heavily engaged in its handling of the Syrian refugee crisis. Nonetheless, in the three months following the conference, Ankara did commit to formally appointing Syrian teachers and health professionals.<sup>42</sup> The Turkish authorities also allowed any Syrians to apply for a work permit if resident for more than six months in Turkey and registered as a protected person under the 2014 *Law on Foreigners and International Protection*.

In the summer of 2016, Turkish President Recep Tayyip Erdoğan even made a surprise announcement that Syrians would be eligible for citizenship, suggesting a major shift in policy toward recognition of the permanence of Syrian refugees. However, since the unsuccessful July 2016 coup attempt the government had been silent on such discussions of citizenship until January 2017 when President Erdoğan again announced in the media that refugees who passed a screening process would be granted citizenship. As well as possessing skills required in the Turkish workforce, Syrian (and Iraqi) refugees would need to pass security checks.<sup>43</sup>

As of December 2016, Jordan had issued 33,500 work permits in agriculture, manufacturing, retail, foodservices and construction.<sup>44</sup> Turkey, with a much larger refugee population, has been less successful in legalising jobs for Syrians, and issued 7,063 work permits in 2016 (November figures),<sup>45</sup> even though it has no sector restrictions as in Jordan. Authorities suggest that a much larger number is currently being processed.

What follows is an overview of current initiatives – domestic and international – that have been adopted to better enable labour market integration and economic independence of Syrian refugees in the host countries. These tend to fall broadly into the following categories:

- Creating and formalising jobs
- Educating to employ
- Attracting foreign investment and ensuring access to finance
- Increasing access to external markets
- International efforts to mobilise the private sector

#### 4.1. Creating and Formalising Jobs

Overall job creation is central to finding sustainable solutions for refugee employment in the host countries. But in the context of high unemployment among the non-refugee population and the political sensitivity that clouds the issue, emphasising employment opportunities for refugees tends not to be a priority of the hosting governments. Nonetheless, increasing gainful employment in general is. In the Turkish and Jordanian contexts this means both creating new jobs, formalising jobs in the informal sector, and encouraging entrepreneurship.

<sup>42</sup> "London-Turkey Statement" Supporting Syria and the Region London 2016, February 4, accessed November 2016, <https://2c8kkt1ykog81j8k9p47oglb-wpengine.netdna-ssl.com/wp-content/uploads/2016/02/Supporting-Syria-the-Region-London-2016-Turkey-Statement.pdf>.

<sup>43</sup> "Erdoğan offers citizenship to Syrian and Iraqi refugees" Al Jazeera, 7 January, 2017, accessed February 2017, <http://www.aljazeera.com/news/2017/01/erdogan-offers-citizenship-syrian-iraqi-refugees-170106195134961.html>

<sup>44</sup> Maha Kattaa. 2016. "Syrian Refugees' Status in the Jordanian Labor Market" Turkish Policy Quarterly, Fall 2016, accessed December 2016, <http://turkishpolicy.com/article/829/syrian-refugees-status-in-the-jordanian-labor-market>

<sup>45</sup> Ministry of Labour Turkey, accessed December 2016, <http://cibs.csgb.gov.tr/RaporOlusturmaSihirbazi.aspx?kullaniciisiz=1>

The Jordan Response Plan (JRP), led by the Ministry of Planning and International Cooperation, sets out a comprehensive refugee resilience-strengthening and development response to the impact of the Syria crisis on Jordan through a three-year vision. It ensures that all humanitarian measures and medium-term interventions are integrated, sequenced and complemented.<sup>46</sup> The current plan (JRP 2017-2019) has for the first time included a separate chapter on livelihoods, stressing the importance of job creation and support for entrepreneurs. Turkey also has a National Employment Strategy (2014-2023), with a clear focus on combatting unregistered employment, thus formalising the informal economy.<sup>47</sup>

Despite the politically understandable focus on creating jobs for nationals, international pressure is also leading to a focus on providing gainful employment for Syrian refugees. This, rather than through real job creation, tends to be done through formalising jobs that are currently part of the informal economy. For the moment, in Jordan, Syrian refugees can work legally in the following sectors: agriculture, construction, manufacturing, retail and food services. Other sectors are closed to Syrians. This means that professional and well-educated refugees are often unable to work legally. What we gathered from interviews is that Syrians can nonetheless be hired as consultants on a one year consultancy agreement. This consultant contract is apparently recognised by the Ministry of Labour and affords all the rights and privileges of a work permit including freedom of travel in and out of Jordan. The consultant agreements need to be renewed annually.

Creating jobs for the 10% of the Syrian refugees that live in the official refugee camps in Jordan and Turkey is perhaps the least challenging task. While the opportunities in general remain limited, Jordan's Zaatari Camp close to Mafraq is a notable exception. In Zaatari, a large cash-for-work scheme exists. In this initiative, refugees are remunerated for supporting programmes by NGOs and INGOs in the camp. In December 2016, at the Zaatari Camp, of the total population of almost 80,000, a little less than 6,000 people were involved in the cash-for-work programme, injecting over 800,000 JOD (approximately US\$1.23 million) into the camp.<sup>48</sup> In the same camp, economic activity has led to the existence of a real market place – the so-called *Champs-Élysées* – which contains establishments ranging from wedding shops to fruit stalls, and cooperates with nearby villages. In the other refugee camps, with limited employment opportunities, Syrians depend almost entirely on food and other humanitarian aid from the host governments, UNHCR and related agencies.

As priorities have transitioned from humanitarian to developmental, international efforts have started to shift towards job creation for refugees, formalisation of employment, small business creation, training, and access to financial services. The UNHCR plays a leading role in coordinating the livelihoods initiatives within the refugee response. Both in Jordan and Turkey, UNHCR-led livelihood working groups have been established that bring together relevant UN agencies such as the ILO and United Nations Development Programme (UNDP), civil society organisations and other experts. The purpose of these working groups is to plan for the

<sup>46</sup> Jordan Response Platform for the Syria Crisis, accessed February 2017, <http://www.jrpsc.org/>.

<sup>47</sup> "National Employment Strategy (2014-2023)" Ministry of Labour and Social Security General Directorate of Labour, Turkey, May 30, 2014 <http://www.uis.gov.tr/Media/Books/UIS-en.pdf>.

<sup>48</sup> "Cash for Work in Zaatari Camp Basic Needs and Livelihoods Working Group" Syria Regional Refugee Response, Inter-Agency Information Sharing Portal, December 2016, accessed February 2017, <https://data.unhcr.org/syrianrefugees/documents.php?page=2&view=grid>.

livelihoods sector in a coordinated manner, map all livelihood projects in the refugee component of the Regional Refugee and Resilience Programme (the 3RP) into the ActivityInfo database, avoid overlap as much as possible and come up with tools and methodologies that are useful to encourage legal employment for refugees.<sup>49</sup>

Despite the easing of regulations allowing Syrians access to the formal labour market, the numbers of work permit applications in the first months after the legal changes remained significantly lower than expected. In both Jordan and Turkey, with large informal labour markets, formalising employment has been a significant challenge. Key reasons for the slow formalisation of employment in both countries have been a lack of financial incentives, a lack of understanding of the implications of formalisation and cumbersome or non-optimal bureaucratic procedures and regulations.

**A lack of financial incentives.** Formalising jobs means more transparency in wages, benefits and working conditions of employees. In addition, the actual process of attaining work permits costs money and the employer applies on behalf of the employee. This means the employer needs to provide a contract with at least the minimum wage as a stated salary.<sup>50</sup> It is also the responsibility of the employer to pay for the work permit, though in practice, fees are often passed on to the employee.<sup>51</sup> In Jordan, the government has tried to mitigate this financial disincentive by installing a grace period, in which application fees for work permits are waived, currently extended until 4 April 2017. However, this does not necessarily remove the financial incentive to employ workers informally in order to pay them less than the minimum wage and provide no social security.

**A lack of understanding of the implications of formalisation.** Among Syrian refugees, there is a lack of understanding about employment rights and the legislation regarding work permits. In mid-2016, the general perception was that by applying for work permits, refugees would lose their refugee status, the protection of UNHCR and the right to be resettled to third countries. Also, refugees are uncertain about the financial implications when their work permit expires and the grace period for obtaining work permits at no cost is over. To overcome this barrier, UNHCR, ILO and respective national authorities have been conducting extensive outreach activities, providing accurate information, while encouraging employers to apply for work permits and Syrians to request formal employment.

**Non-optimal bureaucratic procedures and regulations.** Bureaucratic barriers are still paramount. In Turkey, only six months after registering under 'temporary protection status', can Syrian refugees apply for work permits. More challenging, these are only valid in the city in which the refugee was first registered. With the right paperwork, it is possible to change cities, but this is reportedly difficult in practice and as a default, Syrians refugees are only legally allowed access to education, health care and employment in the city of first registration. This has created a problem for Syrians who had first settled in the southeast of the country, in the regions near to the Syrian border, where employment is limited. Also notable is that

<sup>49</sup> "Jordan Refugee Response Livelihoods Working Group- Terms of Reference" UNHCR, April 13, 2016, accessed November, 2016, <https://data.unhcr.org/syrianrefugees/download.php?id=10676>.

<sup>50</sup> The minimum wage is 1,300 Turkish Lira (US\$360) and 200 Jordanian Dinars (US\$280).

<sup>51</sup> The work permit fee is 190 Turkish Lira and ranges from 180-400 Jordanian Dinars depending on the sector

while Syrians are theoretically allowed to register in any city, as of February 2017 reports have emerged of Syrians having not being allowed to register in places such as Gaziantep and Istanbul due to bottlenecks in the system in these regions.<sup>52</sup>

In Jordan, the work permit process has been criticised for being too cumbersome. Requirements had included a valid passport, which many forcefully displaced Syrians do not possess, and entrance into Jordan through an official border, which many do not pass due to the nature of refugee flows. However, as part of the policy shift towards labour market integration, the government has simplified the application process. Instead of passports, Ministry of Interior cards are now accepted and all Syrians, regardless of their entry point into Jordan, are made eligible. Also, applications can now be made at regional offices instead of at the national level. The ILO has had a significant role in lobbying the government to simplify the work permits issuance process and facilitating discussions around employment of refugees.

### **Box 2: The Agricultural and Construction Sectors in Jordan**

The agricultural sector in Jordan, a major employer of Syrians, exemplifies how obstacles are being addressed. In this sector, work is project based, meaning that a single employer might only need workers for a limited period. This makes it impractical and disproportionately expensive for an employer to provide workers with work permits, which are valid for a year.

In order to address this, the Jordanian government, in collaboration with the ILO, has decided to work with agricultural cooperatives to 'sponsor' work permits instead of individual farms.<sup>53</sup> This has had the additional benefit of increased labour mobility in the agricultural sector: as long as the permit is valid, workers are free to move between employers and throughout the country.

The construction sector faces similar challenges and discussions are being conducted to seek a similar arrangement.

All actors, both domestic as well as international, seem to agree that entrepreneurship is the most viable solution to the large task at hand and thus, job creation through entrepreneurship is encouraged in both Jordan and Turkey. Despite all the initiatives, much more can be done to encourage entrepreneurship, in particular at the level of domestic regulation. In both countries, complicated procedures make it difficult to establish a formal business and result in small and medium enterprises (SMEs) opting to operate in the informal sector instead. Jordan is ranked 118<sup>th</sup> globally on the World Bank's Ease of Doing Business ranking, while Turkey does significantly better and ranks 69<sup>th</sup>.<sup>54</sup>

<sup>52</sup> NGO community in Istanbul, Suriye Gönüllüleri Koordinasyon (SGF) Group, WhatsApp message to author, 8 February, 2017.

<sup>53</sup> International Labour Organization, interview with authors, August 15, 2016, Amman, Jordan.

<sup>54</sup> "Ease of doing Business Index" World Bank, accessed November 2016, <http://data.worldbank.org/indicator/IC.BUS.EASE.XQ>

## 4.2. Educating to Employ

The problem of job creation extends beyond the demand side of the labour market. Additional measures are also needed at the supply side. A key problem of the labour markets in the MENA region – and elsewhere – is that those seeking employment often lack the skills necessary for the jobs available. This mismatch between skills taught in schools and universities, and those needed to be productive and successful in professional life, affects the entire region. Within refugee communities, in particular in cases where there is a language barrier, the issue tends to be even more pronounced.

The concept of 'education for employment' has by now become mainstream, though it remains difficult to achieve the set objectives and generate the necessary amendments in curricula and cultural mindset needed for change. In parts of the MENA region, vocational training is looked down upon and the general rule that holds true everywhere is that after a certain age, learning new skills becomes more challenging.

In development programming, skills training has become increasingly popular and is also seen as a more effective way to equip Syrian refugees for employment in Turkey and Jordan. Over recent years, entrepreneurship programs and skills training have multiplied in the region. In Turkey, for example, UNHCR is working with implementers such as the International Medical Corps, to establish livelihood centres that provide vocational and skills training, as well as business incubators.<sup>55</sup> The focus is on supporting Syrians who have entrepreneurial ideas to establish businesses through the incubator, as well as on skills development training and mentorship programs, and providing job and internship opportunities for Syrians by collaborating with the private sector. The Maharat Center was the first of these established in Istanbul and offers courses, taught in both Arabic and English, such as CV writing and job interview skills, business development and negotiation skills, as well as time management and 'dealing with stress'.

Turkish NGOs are also heavily involved in establishing programs to help refugees regain economic independence. One such example is InnoCampus, a collaborative nonprofit project training young entrepreneurs.<sup>56</sup> The organisation travels from city to city with three converted shipping containers on trucks, providing training on entrepreneurship, innovation, creativity, and 3D prototyping technologies. They also provide a business accelerator program to young entrepreneurs, to help them grow their businesses. Another organisation in Turkey, the Syrian Forum, provides vocational training, specialised skills training and language instruction.<sup>57</sup> More importantly, the Syrian Forum also acts as a job placement platform to connect skilled Syrians to jobs in the private sector. By supporting Syrians to build their CVs and creating partnerships with the private sector, job placement has been successfully achieved, with reportedly over 6,926 Syrians<sup>58</sup> being placed in jobs paying the minimum wage or more, as of December 2016.<sup>59</sup>

<sup>55</sup> International Medical Corps, interview with authors, Istanbul, Turkey, September 2, 2016; International Medical Corps, email correspondence with author, November 29, 2016.

<sup>56</sup> InnoCampus, email correspondence with author, November 29, 2016, <http://innocampus.org/>.

<sup>57</sup> Syrian Forum, interview with authors, Skype, 7 September, 2016. Syrian Forum, accessed November 2017, <https://us.syrianforum.org/>.

<sup>58</sup> Syrian Forum, email correspondence with authors, 27 February 2017.

<sup>59</sup> The Syrian Forum has also established relationships with local officials and whilst they encourage employers to provide work permits for Syrian employees, the issue can be overlooked in favour of the creation of employment opportunities.

Part of these efforts are directed at trying to persuade youth to opt for vocational training or degrees that are less saturated than medicine, law and engineering. In Jordan, internationally accredited training programs are run with implementation partners such as Luminous Education and Al Quds College and focus on vocational training and applied skills, as well as entrepreneurship training. The NGO SPARK, working in both Turkey and Jordan, provides training and entrepreneurship programmes that not only target the skills needed in the region, but also focus on peace building. In Jordan, with 3,000 scholarships, SPARK has the largest scholarship program in the region for Syrian refugees, yet the number of applications far exceeds what SPARK can currently offer.

The success of these programs seems to be based on accurate labour market assessments, which take into account general growth sectors, and sectors in which refugees are likely to be employed and ensure an active link with potential employers. For example, in Jordan, refugees are only allowed to work in selected sectors – those that tend to be less attractive to Jordanians. Providing training for professions that are unattainable might be generally useful to upscale individual skillsets, but may also lead to frustration if refugees are unable to find a related job in their host countries. Looking ahead to what the future economy needs can also be useful. For example, SPARK is sponsoring longer-term training courses in engineering and IT, with the expectation that with the rapid change in Jordan's legislation toward employment of Syrian refugees, these sectors would soon be opened.<sup>60</sup>

Many of the skills trainings emphasise desktop and digital skills. When debates around employment for Syrian refugees began, there was the common perception that because mobile penetration and use was high, Syrians would be able to easily use technology to access education and training and then eventually employment. However, the technology literacy among Syrians was found to be much lower than expected and many refugees turned out to lack basic digital skills and were unable to do much more than navigate Facebook and WhatsApp.<sup>61</sup>

As a result of this realisation, initiatives in digital literacy focus increasingly on basic skills, in preparation for either further training or education and employment. For example, the Danish Refugee Council in Jordan provides basic computer literacy training to assist in access to employment. The Jordan-based Edraak initiative, which currently provides the world's largest offering of Massive Open Online Courses (MOOCs) in Arabic, has seen an increased demand from Syrian refugees to access their courses. To tackle the initial digital problems, the organisation currently provides training in Jordan's refugee camps on how to access and use the Internet and how to set up an email account and log in to the Edraak site. As opposed to the model of traditional MOOCs, Syrian refugees in the camps are provided with the option of taking the course via blended learning methodologies, using predominantly refugees as facilitators. The most popular courses are CV writing and English (delivered in partnership with the British Council). The main reason for refugees to take part in these courses was to enhance basic skills to find employment.<sup>62</sup>

<sup>60</sup> SPARK, interview with authors, Amman, Jordan, August 16, 2016.

<sup>61</sup> This sentiment was expressed in many interviews with NGOs and UN bodies.

<sup>62</sup> Edraak, interview with authors, Amman, Jordan, August 18, 2016.

### Box 3: Low Hanging Fruit? The Tech-Savvy Youth

As in every corner of the world, amongst the Syrian refugee population, a group of more educated and tech-savvy youth exists. A programme worth mentioning with regard to IT training and the creation of job opportunities is ReBootKAMP (RBK).<sup>63</sup> This combines specific skills training that can help youth find a good job with elements of peace-building and reconciliation. Running in Amman, RBK utilises intensive training modelled on a relatively new and disruptive form of professional training called bootcamp learning, currently popular in the United States. This intensive immersion program compresses 12-18 months of highly specialised coursework into 18 weeks.

The bootcamps include Jordanians as well as Syrian and other refugees, thereby indirectly adding a reconciliation and psycho-therapeutical aspect to the training. The bootcamp training takes place on all programming languages from Java to HTML, as well as more industry specific coding. Apart from the technical training, a large focus of RBK is on soft skills, in line with increasing demands for this by employers. The program not only gives students market-ready technical skills and jobs, but it has also increased self-awareness, self-determination, self-reliance and self-confidence. RBK's 2016 pilot was a great success: working together with Jordan's large technology industry as well as companies based in Silicon Valley, the first fifteen students who graduated in August 2016 all found employment in the tech industry, commanding wages far above the average.<sup>64</sup>

## 4.3. Attracting Foreign Investments and Ensuring Access to Finance

Attracting investments and providing access to (micro)finance has also been identified as important for job creation, and thus also for enabling dignified livelihoods for Syrian refugees. The overall investment climate in Jordan and Turkey is suboptimal. Turkey, after having seen foreign direct investments (FDI) grow for several years, saw these numbers plunge by 54% in the first half of 2016 compared to the same period in the previous year, down to US\$4.8 billion from US\$10.5 billion.<sup>65</sup> Turkey's attractiveness as an investment destination is likely to drop further due to the 2016 political upheaval and the increased domestic insecurity.

Jordan, to implement the economic aspects of the Jordan Compact, will need to improve the overall investment climate. The private sector needs easier access to finance. So-called 'red tape' needs to be reduced and smaller business need to be incentivised, in particular to operate in the special economic zones (SEZs). The vast majority of foreign direct investment is concentrated in these economic zones, particularly the King Hussein Business Park and Aqaba Special Economic Zone. As mentioned previously, these zones are proposed as one mechanism where Syrians can be hired on a large scale without any restrictions.

<sup>63</sup> ReBootKAMP, accessed November 2017, <http://rbk.org/>.

<sup>64</sup> ReBootKAMP, interview with authors, Amman, Jordan, August 15, 2016.

<sup>65</sup> Mehmet Cetingulec. "Where has Turkey's foreign direct investment gone?" Al Monitor, October 13, 2016, accessed November 2016, <http://www.al-monitor.com/pulse/originals/2016/10/turkey-foreign-investments-hit-bottom.html#ixzz4TZ6vHrxX>.

Jordan is much more dependent on international financial support than Turkey. The World Bank's Global Concessional Financing Facility for Jordan, released in July 2016 and worth US\$300 million, was committed in order to improve the investment climate, attract investors, reform the country's labour market and provide Syrians access to it.<sup>66</sup> The agreement will also support trade facilitation and investment promotion, in particular in SEZs, thereby supporting the efforts under the EU-Jordan deal. The IMF has also approved a three-year extended arrangement for the sum of US\$723 million for Jordan under the Extended Fund Facility (EFF), in order to support its economic program aimed at reducing public debt and boosting inclusive growth.<sup>67</sup>

The concessional loans, allocated for the 'Economic Opportunities for Jordanians and Syrian Refugees Program-for-Results' will be disbursed based on the achievement of particular Key Performance Indicators (KPIs).<sup>68</sup> The KPIs for Jordan will encompass the provision of work permits to Syrians, improvements in the business and investment environment as well as employment promotion.<sup>69</sup> The implementation will involve monitoring the performance of the institutional arrangements, and monitoring and verifying results.<sup>70</sup>

#### 4.4. Increasing Access to External Markets

The most significant step taken to increase access to external markets was the EU-Jordan trade deal finalised in July 2016. The deal was adopted as part of a broader EU-Jordan Compact on 20 December 2016.<sup>71</sup> With total trade amounting to €4.4 billion (\$US4.6 billion) in 2015, the EU is Jordan's largest trade partner. Nonetheless, Jordanian exports to the EU are only €4 million (\$US4.2 million), representing just 0.02% of total EU imports. Almost half of these exports are chemicals.<sup>72</sup> The following section deals mainly with Jordan, as no such agreement has been made with Turkey.

The EU-Jordan deal was the result of a promise made during the London Conference to review the rules of origin protocol to the EU-Jordan Association Agreement. Rules of origin are the criteria determining whether a product qualifies for preferential or duty-free access to the EU market. Under the new deal, producers in Jordan can operate under more relaxed rules of origin, provided several conditions are met. The new scheme, similar to the rules under the EU's

<sup>66</sup> "\$300 million to Improve Employment Opportunities for Jordanians and Syrian Refugees" World Bank, September 27, 2016, accessed November 2016, <http://www.worldbank.org/en/news/press-release/2016/09/27/300-million-to-improve-employment-opportunities-for-jordanians-and-syrian-refugees>.

<sup>67</sup> "IMF Executive Board Approves US\$723 million Extended Arrangement Under the Extended Fund Facility for Jordan" International Monetary Fund, August 25, 2016, accessed November 2016, <http://www.imf.org/en/News/Articles/2016/08/25/PR16381-Jordan-IMF-Executive-Board-Approves-US-723-million-Extended-Arrangement>.

<sup>68</sup> "Program-for-Results Financing (PforR)" World Bank, accessed November 2016, <http://www.worldbank.org/en/programs/program-for-results-financing#2>.

<sup>69</sup> "Economic Opportunities for Jordanians and Syrian Refugees – Program-For-Results" World Bank Program Appraisal to the Hashemite Kingdom of Jordan, September 2, 2016, accessed November 2016, <http://documents.worldbank.org/curated/en/802781476219833115/pdf/Jordan-PforR-PAD-P159522-FINAL-DISCLOSURE-10052016.pdf>.

<sup>70</sup> "Program-for-Results – A New Approach to World Bank Financing" World Bank, accessed November 2016, <http://pubdocs.worldbank.org/en/904551435264587829/PforR-brochure-Oct2015.pdf>.

<sup>71</sup> "EU and Jordan adopted partnership priorities and compact" European Council & Council of the European Union December 20, 2016, accessed January 2017, <http://www.consilium.europa.eu/en/press/press-releases/2016/12/20-eu-jordan-partnership-priorities-and-compact/>.

<sup>72</sup> European Commission "Trade" last updated, September 23, 2016 <http://ec.europa.eu/trade/policy/countries-and-regions/countries/jordan/>.

'Everything But Arms' initiative, will include 52 product groups for a period of ten years. Most of the products targeted are currently not major export items to the EU, and the deal will apply to producers operating in 18 special economic zones (SEZs). The Jordanian government intends to conduct a pilot with five development zones endowed with maximum incentives under a new investment law.<sup>73</sup>

The deal is of importance not only for the creation of jobs for Jordanians, but also for Syrian refugees as it comes with significant conditionality: the benefits of the deal will only be granted to companies that provide legal employment opportunities for refugees. In the first three years, 15% of the employees need to be refugees, after that, the share should rise to 25%.<sup>74</sup> The agreement foresees a mid-term review in year four and the EU has also agreed that when Jordan reaches its self-imposed target of employing 200,000 Syrian refugees in the formal labour market, it will look at further simplification of the agreement.

The King Hussein Bin Talal Development Area (KHBTD), located just outside Zaatari Camp, is seen as the centrepiece of the EU-Jordan trade deal. Companies in the KHBTD, as in other special economic zones, pay a comparatively small amount of income tax and are bound by less red tape. The government has already invested US\$100 million in the infrastructure of KHBTD, yet there has been little interest in companies moving to the zone, as its proximity to the Syrian border (30 kilometers) has raised security concerns.

As of the summer of 2016, other obstacles to employment in KHBTD still existed. There was a lack of information among how Syrians from Zaatari can be hired and those Syrians who had obtained work permits still needed to get additional daily exit permits in order to leave the camp. To overcome this bureaucratic burden, at the end of 2016, Jordan's Ministry of Interior and Ministry of Labour issued a new directive through which work permits to camp residents will double as exit permits. The UNHCR and its partners collaborated with the authorities to establish a mechanism for this process.<sup>75</sup>

While there is no doubt that the EU-Jordan deal potentially constitutes an important opportunity for Jordanian manufacturers, here too some significant challenges remain. Manufacturers, in order to export to the EU, will need to meet the EU's quality standards for imports. As it currently stands, there remains a lack of knowledge and compliance among Jordanian industry, making Jordanian products often unable to access EU markets.<sup>76</sup>

## 4.5. International Efforts to Mobilise the Private Sector

International business is playing an important role in supporting the formalisation of employment for Syrian refugees. Companies buying from Turkish factories have acted to ensure that their local suppliers are employing workers formally and in conditions that align with labour standards. For example in Turkey, UNHCR is in discussions with Puma to facilitate their work with refugees and the sports company is encouraging their suppliers to hire 2-3% Syrian

<sup>73</sup> "EU-Jordan: towards a stronger partnership", European Commission, press release, 20 July 2016.

<sup>74</sup> "Syrian crisis: EU ready to step up on partnerships with Lebanon and Jordan" Reliefweb, 21 October 2016, <http://reliefweb.int/report/jordan/syrian-crisis-eu-ready-step-partnerships-lebanon-and-jordan>.

<sup>75</sup> UNHCR Jordan, email to authors, 19 December 2016.

<sup>76</sup> International Labour Organisation, interview with authors, Amman, Jordan, 15 August 2016.

refugees, and also to ensure equal opportunities for Syrians and for local workers, as stipulated by Turkish law.<sup>77</sup> In the textile and garment industry, there has also been international pressure to legalize the status of Syrians. Multi-national corporations such as NEXT and H&M, who utilise textile factories in Turkey, have begun to pressure their suppliers to employ Syrians legally and pay at least the minimum wage.<sup>78</sup> NEXT has proposed a *Refugee Action Plan*, where it outlines its policies toward formalisation of employment and against child labour.<sup>79</sup>

The private sector has also been encouraged by individual governments to create employment opportunities for Syrian refugees. For example, the Dutch government has encouraged Dutch companies operating in Turkey to create vacancies for Syrian refugees.<sup>80</sup> And trying to upscale such involvement of the private sector, the Obama Administration made this a priority during the Refugee Summit held during the United Nations General Assembly in September 2016, calling on the private sector to create employment opportunities for more than 220,000 refugees.<sup>81</sup> But as a general principle for private sector involvement, a business case needs to be made in order to ensure such initiatives are profitable and will not only fall into the realm of social corporate responsibility.

<sup>77</sup> UNHCR, interview with authors, 31 August 2016, Ankara via Skype; "Puma on Syrian refugees in Turkey" Business and Human Rights Resource Centre, accessed November 2016, <https://business-humanrights.org/en/puma-on-syrian-refugees-in-turkey>.

<sup>78</sup> "Syrian refugees in Turkish garment supply chains: An analysis of company action to address reports of serious exploitation & abuse" Business and Human Rights Resource Centre, Briefing Note, February 2016; accessed November 2016, <https://business-humanrights.org/sites/default/files/160131%20Syrian%20Refugee%20Briefing%20FINAL.pdf>.

<sup>79</sup> "NEXT Code of Practice – Syrian Refugee Action Plan for Turkey" Business and Human Rights Resource Centre, 1 February 2016, accessed November 2016, [https://business-humanrights.org/sites/default/files/documents/Syrian%20Refugees%20Action%20Plan%20FINAL%20Feb%202015%20\(002\).pdf](https://business-humanrights.org/sites/default/files/documents/Syrian%20Refugees%20Action%20Plan%20FINAL%20Feb%202015%20(002).pdf)

<sup>80</sup> "Vacancies at Dutch companies in Turkey now open to Syrian refugees" Ministry of Foreign Affairs, Government of Netherlands, 25 May 2016, accessed November 2016, <https://www.government.nl/latest/news/2016/05/24/vacancies-at-dutch-companies-in-turkey-now-open-to-syrian-refugees>.

<sup>81</sup> "Here's How the Private Sector Is Addressing the Global Refugee Crisis" the White House President Barack Obama, 30 September 2016, accessed November, 2016, <https://www.whitehouse.gov/blog/2016/09/20/heres-how-private-sector-committing-global-refugee-crisis>.

## 5. Conclusion and Recommendations

Over the past year, both Jordan and Turkey have shifted their thinking around hosting Syrian refugees. Whereas initially, policies were predominantly designed around the idea that the refugee crisis was temporary, and needed a humanitarian approach, policymakers are currently considering more semi-permanent and developmental solutions. Most importantly, this has meant experimenting with the integration of Syrian refugees in the labour market and encouraging their economic independence. More than anything, this includes attempts to lift refugees out of the informal sector into the formal sector.

Both Jordan and Turkey have passed enabling legislation and have made promises and pledges in this direction. The legal environment was altered to give refugees access to formal jobs – partial access in the case of Jordan – and related policy initiatives have also aimed at increasing access to external markets, attracting foreign investments, creating and formalising jobs, providing youth with marketable skills and providing the necessary incentives for both employers and refugees.

The drivers of this paradigm change are several. They include the acknowledgment of the protracted nature of the Syrian crisis and the unsustainability of providing social protection (education, housing, health care) to large numbers of Syrians without getting much state revenue, such as tax contributions, in return. This is particularly critical in the context of insufficient funding from the international community. Given political developments in key donor states, a downward trend is likely to continue, with donors increasingly pressing for 'solutions in the region', including enabling livelihoods for Syrians in the host countries. Additional drivers identified for this paradigm shift are the growing risk of societal tensions, exploitation in the informal sector, widespread child labour and a loss of human capital that, one day, will be necessary for the rebuilding of Syria.

There are many barriers to overcome before Turkey and Jordan will be able to claim success in this policy area. Some of these barriers are structural and can only be solved in the long term. This includes the capacity of the economies to create sufficient jobs for both citizens and refugees. Other obstacles include the regulatory costs of setting up businesses and the growing political and security risks for foreign investors due to the proximity to conflict as well as security incidents within Turkey and Jordan themselves. Other barriers are easier to overcome and solutions tend to lie in changing the incentives for employers to register workers and in disseminating correct information on the implications of acquiring a work permit.

A barrier that hangs in the middle of this is the mismatch of skills. Changing school curricula and teaching methods may take a generation, though small-scale, innovative initiatives have shown that intensive and targeted training in skills useful for the workplace can actually generate a whole new mindset and skill set in the span of a few months. Success in this realm seems to come when training is based on a solid labour market assessment and when actual employers are involved in the curriculum setting and the coaching of students. Given the already huge burden on the public sector, sustainable solutions in this regard are more likely to come from the private sector.

While there is an obvious urgency to address the matter, the turbulence in the region and challenges to national security experienced in Turkey and Jordan are likely to deprioritise this issue if the international community does not provide sufficient encouragement and incentives. It is in the interest of the international community that Syrian refugees find productive and dignified livelihoods. While many policies are the responsibility of national or even local governments, the international community can also encourage these trends and support the laudable efforts of governments in the regions in their own ways:

- Learning from small-scale successes and upscaling solution-driven and innovative thinking that directly links the supply side (marketable skills) and the demand side (availability of jobs) should be at the core of policy-makers' approach to tackling barriers to labour market integration. There is indeed an urgent need to come up with innovative, scalable ways to create jobs that benefit both refugees as well as host communities.
- International development agencies working on education and enhancing livelihoods for refugees can help by designing their programmes in such a way that they:
  - Encourage self-reliance and entrepreneurship and support (including financial) in the establishment of SMEs.
  - Ensure that initiatives are based on labour market needs assessments and where possible linked to employers.
  - Leverage technology, MOOCs, desktop and digital skills where possible.
- International companies could explore providing employment for refugees to work remotely. For several segments of the labour force, a (partial) solution could be explored which is less geographically limited and takes into account the vast opportunities offered by current-day technology, the global skills gap, remote working opportunities, current education-for-employment initiatives and donor behaviour.
- In the context of the EU-Jordan trade deal, individual foreign governments or international entities could design trade agreements in a way that incentivises Jordanian companies to formalise employment. This can be accomplished through conditionality, for example with regard to the legal status of refugees or quotas for refugee employees.
- Particular to Jordan, development programmes could focus on making sure businesses make the most out of the EU-Jordan trade deal, for example by strengthening knowledge of EU regulations and compliance.
- Conversely, the international community could design initiatives aimed at benefiting refugee communities in a way that also supports local populations, as per the example in Jordan where education and employment initiatives for refugees need to include 50% Jordanian participants. For example, development programmes could support the formalisation of established informal businesses run by refugees as well as by host country populations.
- Foreign governments and international entities can encourage international companies working in countries hosting large numbers of refugees to create vacancies or internships for refugees, as per the example of the Dutch government in Turkey or the efforts of UNHCR with private sector involvement.

## 6. Follow Up Research Initiatives

As is evident from this study, at the heart of the problem is a lack of jobs. This indeed, is the key problem affecting all youth in the MENA region, in both refugee and host communities. Given the lack of innovative thought leadership on this topic, in particular research that connects the academic and policy worlds with the implementers on the ground, the authors propose that further research is needed to examine innovative job creation for refugee youth (and potentially other youth) in the MENA region, with an emphasis on entrepreneurship.

The follow up research could look at the various actors involved in the response and identify how they can cooperate for greater impact. The private sector in particular, in the Middle East and globally, can provide greater support for job creation and training. To date there has not been a coordinated effort between traditional actors such as the governments, UN, NGOs and INGOs and newer actors such as the private sector and philanthropists, even though UNHCR has recently set up livelihoods working groups for this purpose.

Without doubt, job creation within the MENA region is a long-term challenge. For several segments of the labour force though, a (partial) solution could be explored which is less geographically limited and takes into account the vast opportunities offered by current-day technology. Ideas could be generated from a combination of insights related to the global skills gap, the digitalised economy, remote working opportunities, current education-for-employment initiatives and donor behaviour.

A vision could be promoted and a mechanism imagined in which employers all over the world can provide short-term, project-based opportunities to refugees and other vulnerable populations. Additional research could be conducted to see whether there is a business case for an online platform/app bringing together supply and demand, potentially linking in training opportunities relevant to available projects.

The possibilities for a project like this – if well-executed – are vast, not only in the MENA region but elsewhere as well. The Syrian refugee community could constitute a 'pilot' group. Featuring a more homogeneous group can also help in selecting the type of projects that could be eligible for the platform and in establishing a scalable and impactful solution.

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