

Six years after the Jordan Compact: the effect of labour market policies on Syrians' economic integration

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Enabling self-reliance through the right to work is essential for refugees' socio-economic integration. The impact of the Jordan Compact presents an interesting case study for policymakers.

The issues affecting refugees' socio-economic integration are complex and multifaceted, requiring a whole-of-community approach. These factors include access to work, mobility, financial services, education, health, housing and social integration services, as well as issues related to social cohesion and tensions with host communities.

The right to work is essential for refugees' socio-economic integration and, according to a recent study of 51 countries, 40 of them have laws or policies that allow at least some refugees to access the labour market. Jordan hosts one of the highest numbers of refugees in the world, of which Syrians constitute a significant share.¹ Jordan allows Syrians to work and has implemented a number of progressive measures, although these policies do not apply to refugees of other nationalities.

This article examines labour market policies affecting Syrians in Jordan since the adoption of the Jordan Compact in February 2016 and assesses their impact on refugees' labour market integration.

The effects of labour market policies

Jordan has introduced the following policies relating to Syrians' right to work:

February 2016: The government granted Syrians the right to work in all occupations open to foreign workers and offered work permits free of charge.

June 2016: Flexible work permits in agriculture were introduced. While still processed by the Ministry of Labour, innovations in implementation meant permits were delivered directly by agricultural cooperatives

rather than having to be obtained from employers.

September 2017: Flexible work permits in construction were introduced and delivered through the General Federation of Jordanian Trade Unions.

December 2020: Flexible work permits allowing a change of employer in all occupations within each economic sector were introduced.

July 2021: Flexible work permits become valid across all sectors, provided that Syrian workers remain in one 'major occupation group' (services and sales, skilled agriculture, forestry and fishery, craft and related trades, plant and machinery, and elementary occupations such as cleaners or physical labourers).²

The Compact has had a transformative effect on Syrians' labour market integration. Between 2014 and 2021, the Syrian unemployment rate fell from 60% to 33% and their labour force participation (percentage of the total working-age population that is in the labour force) went from 29% to 35%.³ Additionally, the number of Syrians working – formally and informally – has doubled since 2014, reaching about 150,000 in 2018, and 162,000 in 2021. Each time a new progressive policy has been implemented, there has been an immediate increase in the number of work permits issued to Syrians. These policies have resulted in an increase in the yearly number of work permits issued to Syrians, from 5,000 in 2016 to 62,000 in 2021.

By the end of 2021, Jordan managed to formalise almost 40% of Syrian workers through issuing work permits. While the most important

and urgent need is for refugees to access work and achieve self-reliance (whether formally or informally), work formalisation yields additional benefits. Holding a work permit is associated with a sense of safety and stability. ILO's qualitative research suggests that Syrians holding work permits earned more than those without permits.⁴ However, as indicated by a recent assessment by the ILO and FAFO, access to the labour market does not necessarily come with decent work and workers' protection.⁵

The Compact and the successively implemented policies led to an increase in Syrian employment, whether formal or informal. It gave Syrians the ability to enter labour markets and access jobs, and it allowed employers to overcome a reported reluctance to hire Syrians by providing a legal framework under which to recruit them.

The special case of Syrian women

For women, the trend has also been positive, although it took more time to boost their participation in the labour force. The share of work permits issued to Syrian women increased from 2% in early 2016 (pre-Compact) to 18% in the first half of 2022. Syrian women's participation in the labour force increased from 4% to 6% between 2016 and 2021 and their unemployment rate decreased from 47% in 2017 to 35% in 2021.

Social norms, transport and family caring responsibilities stand in the way of more women participating in the labour force. To address this, the government is running communication campaigns to inform women of working options available to them, in an attempt to address the gender bias in accessing work.

This shows that progressive policies and communication strategies – combined, no doubt, with generally deteriorating economic conditions – have encouraged Syrian women to seek work and enabled them to be more successful in finding employment.

The benefits of data-informed policy

Public opinion can affect immigration policies, including perceived competition for scarce jobs.⁶ This was a core concern when designing labour market policies for Syrians in Jordan,

when it was unclear whether and how Syrians could displace Jordanian workers.

New data from the Department of Statistics (Labour Force Surveys with disaggregated data for Syrians) and the Ministry of Labour (work permit databases) allows for comparisons between the occupations of employed Syrians and Jordanians. The vast majority of employed Syrians are in one of the 'major occupational groups' listed above. When comparing the occupations of employed Syrians and Jordanians, their skills levels rarely overlap and Syrians tend to work in different sectors and occupations to Jordanians.

This finding – that there is no or only minor competition between refugees and host communities – was critical in giving policymakers the confidence to open the labour market to refugees in an increasingly flexible and tailored manner. Collecting and processing these granular data, as well as including them in dialogue with policymakers, has resulted in the development of increasingly effective policies to enable refugees to work and to formalise their work.

Another important finding from the data helped design and fine-tune refugee policies. It was found that the actual sectoral distribution of Syrian workers is different from the distribution of work permits. While almost 50% of work permits were issued in agriculture, fewer than 5% of Syrian workers worked in agriculture. This discrepancy showed that the flexibility provided by work permits in agriculture, and the relative ease of obtaining them, allowed Syrians to request this type of work permit and then work in other sectors and professions. Regardless of their work permit status, 65.5% of employed Syrians were working in manufacturing, construction or wholesale retail and trade in 2019.

Humanitarian aid is still needed

Despite all this progress towards Syrians' access to the labour market and their increased socio-economic integration, it is worth highlighting the continued need for humanitarian aid. The Jordanian economy has been growing at an average of 2% a year since 2010 and is not creating enough jobs for all working-age people. About 80% of Syrian refugees in Jordan live below the poverty line. The COVID-19

crisis has worsened this situation, with dire consequences on the health, education and well-being of refugees.⁷

Humanitarian aid for refugees is still needed but paradoxically is decreasing, as funds are diverted to other crises. The World Food Programme announced in 2021 that 21,000 Syrian refugees in Jordan would no longer receive cash assistance due to a lack of funds. It is important to continue to support countries hosting refugees, and to do so for all refugee nationalities. Syrians constitute the vast majority of refugees but other nationalities are also in need of humanitarian aid and economic self-reliance.

Lessons for policymakers

From the past six years of design and implementation of labour market policies to improve the self-reliance of Syrians in Jordan, we can draw the following lessons.

Data collection: The political economy of labour market policies and refugees' integration is complex. However, granular and frequent collection of labour market data, disaggregated by nationality, can help dispel potential fears related to competition with host communities.

Evidence-based policies: Data-informed policy dialogue and policy design contribute to better and tailored policies for the targeted population. To be effective, these policies require continual monitoring, with adjustment as necessary, on paper and in terms of implementation.

Delivery mechanisms: These mechanisms need to be adjusted and customised so that policies are properly implemented. For instance, increasing the diversity of channels by which refugees can apply for and obtain a work permit helps them access job opportunities.

A dual approach: Refugees and migrant workers should be treated differently. Generally, the former come to the country for humanitarian reasons with their families, whereas the latter come alone for economic reasons. Their relative numbers need to be put into perspective, as do

the jobs they occupy in the labour market, and their impact on the economy (notably through the multiplier effect stemming from refugees spending their income in the community). If room is made for migrant workers, it can also be made for refugees, with additional benefits in terms of local consumption and savings.

Humanitarian aid alongside progressive policies: Both need to be pursued in order to consolidate and broaden the socio-economic integration and self-reliance of refugees of all nationalities. Countries hosting refugees have their own vulnerabilities and fragilities, and it is premature to expect socio-economic integration to be achieved through progressive policies alone. Humanitarian aid needs to continue if refugees are to achieve a reasonable standard of living.

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