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# The Syrian Refugee Crisis: Labour Market Implications in Jordan and Lebanon

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# The Syrian Refugee Crisis: Labour Market Implications in Jordan and Lebanon

Lorenza Errighi, Jörn Griesse

## Abstract

Since the outbreak of the armed conflict in Syria, the neighbours Jordan and Lebanon have been faced with the arrival of a large number of refugees. Aside from the immediate humanitarian needs of the Syrian refugees, their integration into the local labour market is crucial to enable refugees to improve their situation through their own efforts and, for host countries, to reap more of the potential economic benefits from the demographic boost. However, the labour market policy response in Jordan and Lebanon has so far broadly gone in a direction of limiting refugees' access in an attempt to protect the native population. While this is understandable given the large number of refugees, joint efforts from host governments and the international community are required to engage refugees in productive and formalised economic activities, along with increasing the labour market potential of the native population. The EU is part of this international effort that seeks to combine external support with national policy action.

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**Keywords:** EU Neighbourhood, Jordan, Lebanon, Syria, refugees, migration, immigrant workers, employment, unemployment, labour mobility, labour market policy, labour market access, labour market integration.

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## 1. INTRODUCTION

Since the outbreak of the conflict in Syria in 2011, almost 4.6 million Syrian refugees have been registered by the United Nations High Commissioner for Refugees (UNHCR) globally.<sup>(1)</sup> Neighbouring countries have been the largest absorbers, accounting for almost 90% of the total number of Syrian refugees registered by UNHCR.<sup>(2)</sup> Jordan and Lebanon have respectively received 640,000 and 1.07 million of them, representing more than 10% and 25% of their respective population. This makes Lebanon the country with the highest density of refugees in the world. These figures are higher if also non-registered Syrian refugees are considered.<sup>(3)</sup>

An international donors' conference at leaders' level held in London on 4 February 2016 attracted USD 10 billion (approximately EUR 9 billion) in support for Syria and its neighbours, with approximately EUR 2.4 billion offered by the European Union in 2016 and 2017. Importantly, there was consensus among major host countries and international donors on the need to go beyond humanitarian assistance. Most of the non-humanitarian part of the EU support is being provided through the EU Regional Trust Fund in Response to the Syrian Crisis ("Madad Fund"), which focuses on longer-term resilience needs of the Syrian refugees in the region, as well as their host communities, and is currently endowed with more than EUR 700 million.

A specific session of the conference was devoted to employment creation and integration of Syrian refugees in neighbouring countries' labour markets. Labour market integration is a significant challenge for the host countries, given the scale of the refugee crisis. However, it offers the opportunity to refugees to improve their living conditions through their own efforts, in particular if accompanied by access to education, while also enabling the host countries to reap more of the potential economic benefits from the demographic boost.

The approach advocated by the EU and other international partners at the London conference vis-à-vis Jordan and Lebanon emphasised the principle of mutual commitments. International support will go hand in hand with policy implementation in the two partner countries, including with a view to granting Syrian refugees access to the formal labour market. This was translated successfully in particular into the final outcome document with Jordan, entitled "The Jordan Compact: A New Holistic Approach between the Hashemite Kingdom of Jordan and the International Community to deal with the Syrian Refugee Crisis". It is also apparent in the "Lebanon Statement of Intent".

In the context of the assistance package that the EU pledged at the London conference, the European Commission has committed to consider a new Macro-Financial Assistance (MFA) programme of around EUR 200 million in loans for Jordan, provided that the country enters into a new disbursing IMF programme (a pre-requisite for any MFA operation). While MFA is a balance-of-payments support instrument, the refugee crisis and its economic and fiscal impact played a role in the launch (in 2013) of a previous MFA operation with Jordan – of EUR 180 million and completed in 2015. A possible new MFA operation with Jordan would fit well in the EU's approach of combining EU financial support with policy commitments by the partner country, as all MFA operations require agreement on a set of economic

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<sup>(1)</sup> Data sourced from UNHCR. Retrieved on 9 March 2016 at <http://data.unhcr.org/syrianrefugees/regional.php>.

<sup>(2)</sup> Data sourced from UNHCR: 2.1 million Syrians were registered by UNHCR in Egypt, Iraq, Jordan and Lebanon; 1.9 million Syrians were registered by the Government of Turkey; more than 26,700 Syrian refugees were registered in North Africa (except Egypt).

<sup>(3)</sup> On 31 July 2015, Hazem Beblawi, IMF Executive Director for Jordan, mentioned a figure of about 1.5 million Syrian refugees for Jordan in his statement on the seventh and final programme review for Jordan (IMF 2015c). For Lebanon, the figure is higher if an estimated 400,000 non-registered Syrians in Lebanon are taken into account. Non-registered refugees are likely to be mostly better-off, as they forego humanitarian assistance by not registering. Note that both Jordan and Lebanon also host refugees from other nationalities. In Lebanon, the de facto Palestinian refugee population was estimated in a field survey at upwards of 280,000 in 2010, representing about 6.4% of Lebanon's population (see Chaaban et al 2010). Also, 42,000 Palestinian refugees previously located in Syria have moved to Lebanon with the crisis. Jordan is also host to a significant Palestinian refugee population (over 2 million, according to the United Nations Relief and Works Agency for Palestine Refugees in the Near East) although most of them now have Jordanian citizenship; 370,000 still live in camps, as well as to nearly 30,000 Iraqi refugees and to nearly 5,000 refugees of other nationalities (UNHCR 2015).

reform measures on which the disbursement of the assistance would be conditional; some of these can be related to the functioning of the labour market.<sup>(4)</sup>

This paper focuses on the labour market challenges that the refugee crisis is posing in neighbouring Jordan and Lebanon, two countries with double-digit unemployment even before the Syria crisis. High levels of national unemployment may contribute to social tensions between the host population and the refugees. This risk is especially pronounced among the youth and the lowest income segments, since the Syrian refugee population in Jordan and Lebanon features a young average age, a low level of skills and a high incidence of poverty: in 2014, 7 out of 10 registered Syrian refugees in Jordan and Lebanon could be considered poor; the number increases to 9 out of 10 refugees if the poverty lines used by the respective host countries are considered (Verme et al 2016).

In the following sections, attention will be drawn to: the macroeconomic impact of the Syrian refugee crisis on its neighbours Jordan and Lebanon (Section 2); the policies regulating access to labour markets for Syrian refugees (Section 3); their profile in terms of age, skills and gender distribution (Section 4); and the resulting labour market outcomes in the host countries (Section 5). Section 6 summarises the labour market challenges that Jordan and Lebanon are facing in the context of the refugee crisis, while the final section (Section 7) presents some policy proposals to tackle these challenges and maximise the positive contributions of Syrian refugee workers in Jordan and Lebanon.

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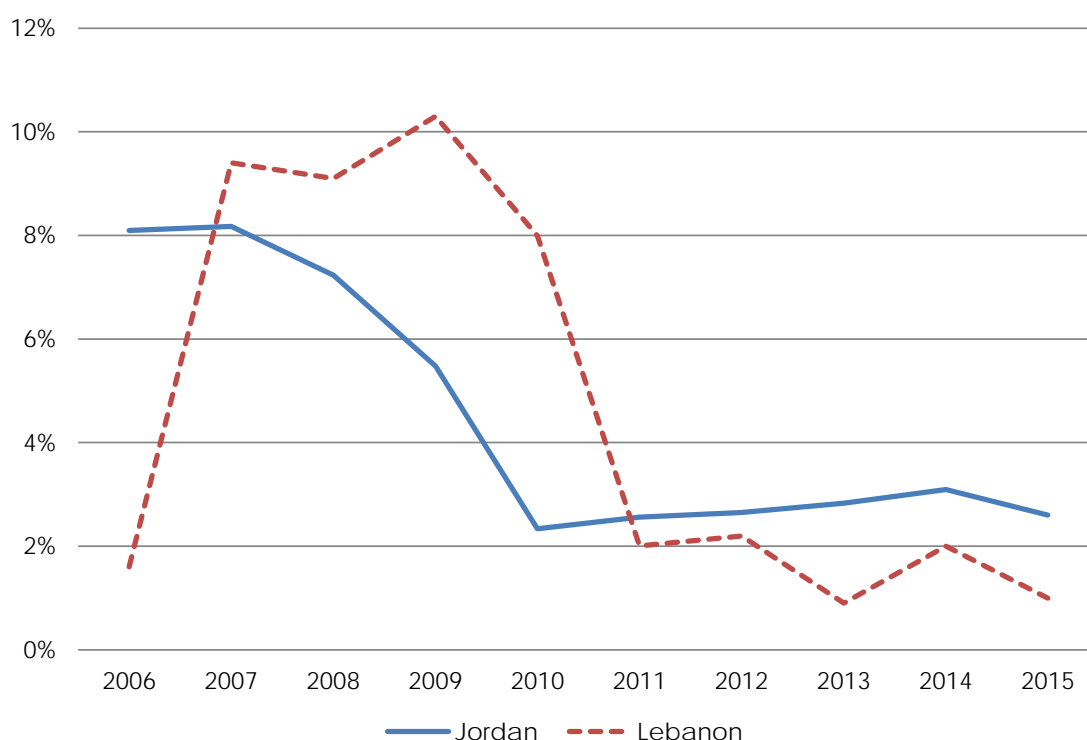
<sup>(4)</sup> A relevant example is the adoption of legislation by the Jordanian authorities for the operation on permanent basis of the Unemployment Fund and the Maternity Fund. This reform, underpinned by the MFA programme which completed in 2015, strengthened the social safety net for the unemployed and facilitated women's participation in the labour market.



## 2. MACROECONOMIC EFFECTS OF THE SYRIAN REFUGEE CRISIS IN JORDAN AND LEBANON

The Syrian conflict has led to negative economic spillovers in Jordan and Lebanon because of the disruption in regional commerce, diminishing receipts from tourism, worsening investor confidence and diminishing capital inflows in the region.<sup>(5)</sup> Indeed, according to World Bank data, since the outbreak of the Syrian crisis, Lebanon has registered a growth rate of 1.8% of GDP in 2011-2014 (growth was 9.2% on average in 2007-2010), while Jordan recorded an average 2.8% real growth in 2011-2014 (as compared to an average of 5.8% in 2007-2010), even if not all of this slowdown can be attributed to the crisis in Syria.<sup>(6)</sup>

Graph 2.1: Real GDP growth in Jordan and Lebanon



Source: World Bank for 2006-2014; authors' estimate for 2015.

While the Syria conflict as a whole has clearly been a negative shock to GDP in Jordan and Lebanon, the arrival of Syrian refugees in these two countries (as one of the consequences of the conflict) has been a supportive element for their output (IMF 2014, World Bank 2013). Refugees, even if poor, are additional consumers, boosting demand with immediate effect, in particular for basic necessities. Fiscal and foreign transfers support this additional demand.<sup>(7)</sup> This triggers a supply response, for the basic goods in question and related services, such as retail trade and transport, in turn boosting GDP, albeit not sufficiently to keep pace with the increase in population so that GDP per capita will fall. If over time refugees are integrated better into the economy – also on the supply side, as entrepreneurs or employees

<sup>(5)</sup> The channels through which the Syrian conflict has impacted the neighbouring economies were assessed for example by the IMF for Jordan (IMF 2014) and by the World Bank for Lebanon (World Bank 2013).

<sup>(6)</sup> In particular in Jordan, which had strengthened its international trade linkages over the preceding decade, growth has been held back in recent years by the relatively timid recovery of some of its trading partners from the global financial crisis. Meanwhile, Lebanon has been hard-hit by the Syria conflict since 2011, which has negatively affected its tourism sector and investment in real estate, two of its major growth drivers. It is, however, important to note that Lebanon's growth in the preceding years had also been unusually high, having been boosted temporarily by one-off idiosyncratic factors (e.g. related to reconstruction after the armed conflict with Israel in 2006).

<sup>(7)</sup> The inflow of international assistance (current transfers) could be expected to offset the potentially negative consequences for the current account from higher consumption and hence higher imports: the concomitant deterioration of the trade balance would be countervailed by an improvement of the secondary income balance.

### Box 2.1: Opportunities and challenges of labour market integration

The economic case for labour market integration is compelling.<sup>(1)</sup> To the refugees, it offers the opportunity to improve their living conditions through their own efforts. For the host country's economy, labour market integration of refugees enhances the effect of the demographic boost, lifting the level of GDP. This in turn will lower the public and external debt-to-GDP ratios (through the denominator effect). In addition, there are microeconomic advantages. For example, Jordanian and Lebanese companies that employ Syrian refugees can benefit from the personal ties of their workforce to Syria, by using these ties to win business in Syria once the armed conflict subsides and the reconstruction begins. Finally, for Syria itself, if and when its citizens can safely return and decide to do so, they will be better able to rebuild their own country's economy if they have worked during their time abroad. This is because active employment spurs the development of new skills – or at least helps to mitigate the risk of skills atrophy which might result from a prolonged absence from the labour market. Better skills among returning refugees should underpin higher overall labour productivity in a post-conflict Syria.

Nonetheless, there are also significant challenges to labour market integration. First and foremost, given the scale of the refugee crisis in the Levant region, immediate unfettered access to work for all refugees would constitute a big shock to local labour markets in Jordan and Lebanon. Economic adjustment takes time, which would argue for a gradual approach. Moreover, having a job can act as an incentive for Syrian refugees to stay in their host country beyond the duration of the armed conflict at home. Prolonging the stay of refugees is not necessarily politically attractive to host governments, in particular in the short term, as the aforementioned macro- and microeconomic benefits take time to unfold, whereas the challenges of a refugee crisis are immediately visible. Thus, there is also a political-economy argument for gradualism and careful management when opening up the labour market.

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<sup>(1)</sup> The importance of labour market integration as a determinant of the medium-term economic impact of migration is also emphasised by the European Commission's analysis of the EU as a receiving economy (see European Commission 2015).

(see Box) – their contribution to output is amplified and rendered less dependent on social transfers and hence becomes more sustainable.

As a result of the demand-side boost from a sudden arrival of significant numbers of refugees, some upward pressures on prices could be expected, in particular in areas where the supply response is constrained, such as housing. Indeed, in Jordan an acceleration in the cost of housing to annual rates of 6.5-8% was observable in 2013. However, it proved short-lived, as housing inflation fell back to 5% or below in late 2013; since early 2015, it has been less than 1.5% (including briefly dipping below zero later in the year). Moreover, headline consumer price inflation has been moderate in Jordan, remaining mostly below 5% throughout the crisis years (with the exception of a brief rise to 7% in early 2013). Since February 2015 headline inflation has even been in negative territory, owing to double-digit price decreases for fuels in response to the world oil price drop. While time series data for individual components of the price index in Lebanon do not date back sufficiently, headline inflation displayed a broadly similar trend as in Jordan: the surge in early 2013 was more pronounced (with annual rates reaching almost 12% at their peak), but inflation has not exceeded 3% since July 2013. Since December 2014 Lebanon has been in deflation, driven by the oil price drop. Overall, concerns over a sustained rise in inflation have not materialised.

Regarding the impact of the Syrian refugees on public finances, the World Bank (2013) estimates the fiscal cost of the refugees over 2012–14 at USD 1.1 billion (2.3% of annual GDP) for Lebanon, although this also includes second-round effects of the Syrian conflict more generally, rather than just its refugee aspect.<sup>(8)</sup> Part of the additional pressure on budget expenditure stems from pre-existing subsidy schemes

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<sup>(8)</sup> For example, it encompasses increased expenditure on interest given the weakening fiscal situation and increased risk premia for the region.

on goods and services that have seen a surge in demand, such as bread and electricity. Thus, Lebanon suffers from its failure to implement the fiscal and structural reforms it signed up to in 2007 as part of the international donors' conference in the aftermath of the Lebanese-Israeli hostilities of 2006.

No similar study has been conducted for Jordan, but national authorities estimate that USD 6.6 billion of direct and indirect costs were incurred between March 2011 and December 2015 to face the consequences of the crisis.<sup>(9)</sup> No further breakdown between refugee-related and more generally conflict-related costs was provided. In addition, the figure might be subject to overestimation, as it was used in the context of a Jordanian effort to attract international donor funding. As in Lebanon, the direct fiscal costs are mostly related to increased public spending on health, education and infrastructure services (including public electricity provision, access to water and sanitation, solid waste disposal, waste-water treatment). The provision of these has been put under severe strain as a result of increased demand and insufficient capacity (Brixi et al 2015, IMF 2015c), although Jordan was in a better starting position than Lebanon, having previously implemented some reforms to its utility sectors and reduced subsidy schemes (IMF 2015b).

The high number of refugee arrivals – in conjunction with the negative economic spillovers of the Syrian conflict – has had implications on the Jordanian and Lebanese labour markets. Unemployment has increased from 14.5% to 22.1% between 2011 and 2014 in Jordan (Stave and Hillesund 2015) and from around 11% before the crisis to an estimated 18-20% in Lebanon (Hamdan 2015, IMF 2014), particularly affecting young workers (aged 15-24) in both countries. This can be attributed firstly to shrinking work opportunities associated with weak economic growth. However, the increased supply of labour as a result of the refugee inflow has played a role as well. Moreover, as illustrated in Section 4, Syrian refugees tend to be unskilled and are therefore often found working informally in low productivity sectors, limiting their potential to boost economic growth in the two host countries.

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<sup>(9)</sup> The estimate is mentioned in an unpublished “Concise Paper” by The Hashemite Kingdom of Jordan entitled “Jordan-European Union Partnership” of December 2015.



### 3. ACCESS TO WORK FOR SYRIAN REFUGEES

Before the outbreak of the conflict, the Syrian workforce was in high demand in sectors facing labour shortages and their access to work was favoured in both Jordan and Lebanon. Following the Syrian crisis, the sudden arrival of significant numbers of refugees has given rise to challenges in the host countries' labour markets, which led the authorities to limit the possibilities for Syrians to engage in productive employment activities. Neither Lebanon nor Syria has signed the 1951 UN Refugee Convention and its 1967 protocol (ratified by 147 countries), which establish the rights of refugees to engage in wage-earning employment and self-employment. No explicit right for refugee work is present in the labour legislation of Lebanon and Jordan.

The following sub-sections present the national frameworks that regulate access to work for Syrians in the two countries. However, it should be noted that both countries have traditionally had a high incidence of informal work. This diminishes the real reach and relevance of formal access requirements, such as work permits, as refugees can quite easily turn to informal jobs instead. In turn, a restrictive policy of access to the formal labour market for refugees can reinforce informality in the economy, with adverse effects for the country's growth potential, public finances and workers' welfare.

#### 3.1. LEBANON

In 1993, Lebanon and Syria implemented a bilateral agreement for Economic and Social Cooperation, where nationals of both countries were granted the freedom to stay, work and carry out economic activities. Registered Syrian refugees were allowed to work in Lebanon until early 2015, when national authorities, following mounting social unrest and problems with public services provision, suspended such right.<sup>(10)</sup> "Displaced" Syrians are now required to sign a pledge not to work and can only sustain their livelihoods through humanitarian assistance provided by the Lebanese government and with support from the international community. In case Syrian refugees are able to obtain sponsorship and a work permit, their legal status is changed to "migrant workers", despite the fact that UNHCR still counts them as refugees. Employment of Syrians is now mostly restricted to "third sector jobs" in construction, agriculture and cleaning services,<sup>(11)</sup> where there is a labour shortage as the occupations do not match the income expectations and skills of much of the native Lebanese labour force. For work permits in these sectors, a reduced fee of LBP 120,000 (around USD 80 on the basis of market exchange rates) applies. In order to obtain a work permit in any other sector, bureaucratic and financial hurdles are even higher: a permit costs LBP 480,000, and an employer must first prove his inability to find an adequately skilled Lebanese worker for a given job, before he can request a permit for a qualified Syrian worker.

It is important to note that, even when Syrians are able to obtain work permits at the reduced fee of LBP 120,000 for third sector jobs, their ability to do so is constrained by the high level of informality characterising the economic activities they are involved in. The true cost for migrant employees with work permits is also underlined by the fact that they must pay full contributions to the National Social Security Fund while receiving only limited social security coverage. In 2013, only 508 first-time work permits were given to Syrian nationals (out of a total of nearly 50,000 first-time work permits) and 725 existing permits for Syrians were renewed (out of 141,700 total renewals), according to data from Lebanon's Statistical Yearbook. In case they possess the required capital, Syrians – as other foreign nationals – are still able to set up and run their own business activity, even under full foreign ownership.

As presented in more detail in the next section, restricting the legal access to work for Syrian refugees in Lebanon means that they are often unable to meet their basic needs. This has contributed to the expansion of unregulated activities. The difficulty and cost of obtaining a work permit for Syrian refugees are also

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<sup>(10)</sup> On 23 February 2015, Lebanese authorities issued a document regarding regulations and rules about Syrians' entry to and residency in Lebanon, stipulating that displaced Syrians wishing to renew their residency permits on the basis of a UNHCR registration certificate have to sign a pledge not to work, certified by a notary.

<sup>(11)</sup> Decree 197 of the Ministry of Labour, implemented in December 2014, limits possible work for Syrian nationals to agriculture, construction and cleaning services (i.e. sectors traditionally depending on migrant workers).

harming Lebanese employers, who are facing substantial labour shortages in key economic sectors such as construction and agriculture (ILO 2015a).

### 3.2. JORDAN

Despite a Syrian-Jordanian workforce cooperation agreement signed in 2001, Syrians face significant restrictions and challenges in their ability to work legally in Jordan. The Jordanian constitution reserves “the right to work” only to Jordanian citizens. Employment of Syrians is restricted to positions where they do not compete with Jordanians and, even in the most ‘open’ sectors like construction, sector-specific quotas for foreign workers apply. Syrians – as other foreigners – are allowed to obtain residence permits to establish their businesses in commercial or industrial ventures; foreign entrepreneurs can also operate in industrial zones and hire a certain threshold of skilled Syrian workers in their businesses, who can make up 30-60% of the investors’ workforce, depending on the development needs of the provinces in which enterprises are located.

In practice, work permits for Syrian refugees are rarely obtained in Jordan. In 2014, only 1.7% of migrant workers who obtained work permits were Syrians, although they currently represent the majority of foreigners located in Jordan (ILO 2015b). Once issued, work permits are valid for one year; they can be renewed but remain tied to the job and the employer for which they were granted. Syrian refugees, with low levels of educational attainment and skills, face lengthy bureaucratic procedures for work permits and find it difficult to bear the cost. The fees for obtaining a permit (ranging from JOD 170 to JOD 370, depending on the economic sector, equivalent to around 1-2 monthly minimum wages) should be borne by the employer but often end up being paid by the worker, due to the abundance in labour supply and strong competitive pressures among migrant workers. However, most of the Syrian refugees are unable to face such cost themselves. Survey findings show that only 10% of Syrian workers possessed a work permit (Stave and Hillesund 2015).

Meanwhile, Syrians who are resident in refugee camps have their identity documents confiscated by Jordanian authorities and are not allowed to obtain work permits. Refugees residing in camps can be ‘bailed out’ by Jordanian nationals, but the required documentation is very difficult to obtain and Syrians need to undergo very complex background security checks (Achilli 2015). Hence, it is common that Syrian refugees leave camps without authorisation and engage in paid work without permits.

Once Syrians – as any other migrants – are officially allowed to work in Jordan, they are subject to an official minimum wage of JOD 150, which is lower than the one of JOD 190 that Jordanian workers must receive.<sup>(12)</sup> This may make employers prioritise the hiring of foreign workers in the lowest paid jobs, at the expense of the most unskilled and poorest Jordanians, as long as the quotas to employ migrants in selected economic sectors are not exceeded. However, as discussed in Section 5, the high level of informality in the Jordanian economy may translate into widespread non-respect of minimum wages so that the differential between foreign and Jordanian workers may not matter much in practice.

In sum, Jordan has no clear refugee employment policy and barriers to access formal employment are significant. In particular, the bureaucratic hurdles to obtain a valid work permit are substantial, while the cost is particularly high and often borne by the worker. Additionally, labour mobility in formal employment positions is severely constrained due to a rigid quota system and the fact that work permits are tied to a specific position.

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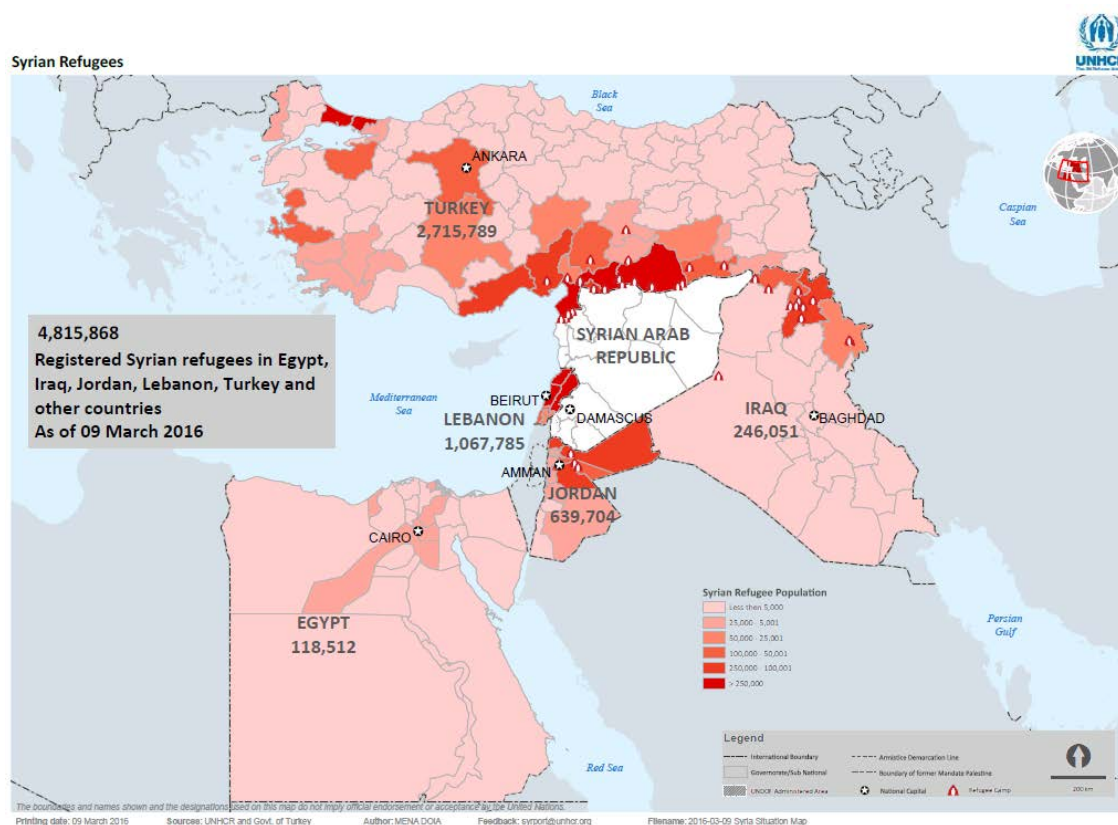
<sup>(12)</sup> JOD 190 is equivalent to around EUR 235 on current exchange rates. With this minimum wage level, Jordan is similar to the EU’s poorer Member States (Romania’s and Bulgaria’s current minimum wages are the local currency equivalent of EUR 235 and EUR 214 respectively). The purchasing power of minimum wages in these three countries is also broadly similar, based on the World Bank’s conversion rates into purchasing power standards. Meanwhile, the Lebanese minimum wage of LBP 675,000 (around EUR 390) is significantly higher, also in terms of purchasing power.

## 4. PROFILE OF SYRIAN REFUGEES IN JORDAN AND LEBANON

The participation of Syrian refugees in the Jordanian and Lebanese labour markets is subject to challenges related to their demographic and skills profile. The next paragraphs will describe the general characteristics of the Syrian refugee population in Jordan and Lebanon.

In the Northern areas of Jordan and Lebanon the share of refugees and the pressures on the local labour markets are the greatest. In Jordan, three governorates host over three-quarters of all Syrian refugees in the country: Amman (which hosts 27% of all Syrian refugees in Jordan), Irbid (24%) and Mafraq (26% – in this governorate, 52% of the total population is made up of refugees). Around 80% of registered refugees in Jordan live outside camps (Stave and Hillesund 2015). In Lebanon, which does not operate official refugee camps, 85% of Syrian refugees in Lebanon are located in the Northern governorates of Bekaa (which hosts 36% of all Syrian refugees in Lebanon – these represent 63% of the population in Bekaa), Mount Lebanon and North Lebanon (with 25% each) (ILO 2014, Ajluni and Kawar 2015). Bekaa and North Lebanon are also the regions hosting the poorest refugees (ILO 2014).

Graph 4.1: Map of Syrian refugees in neighbouring countries



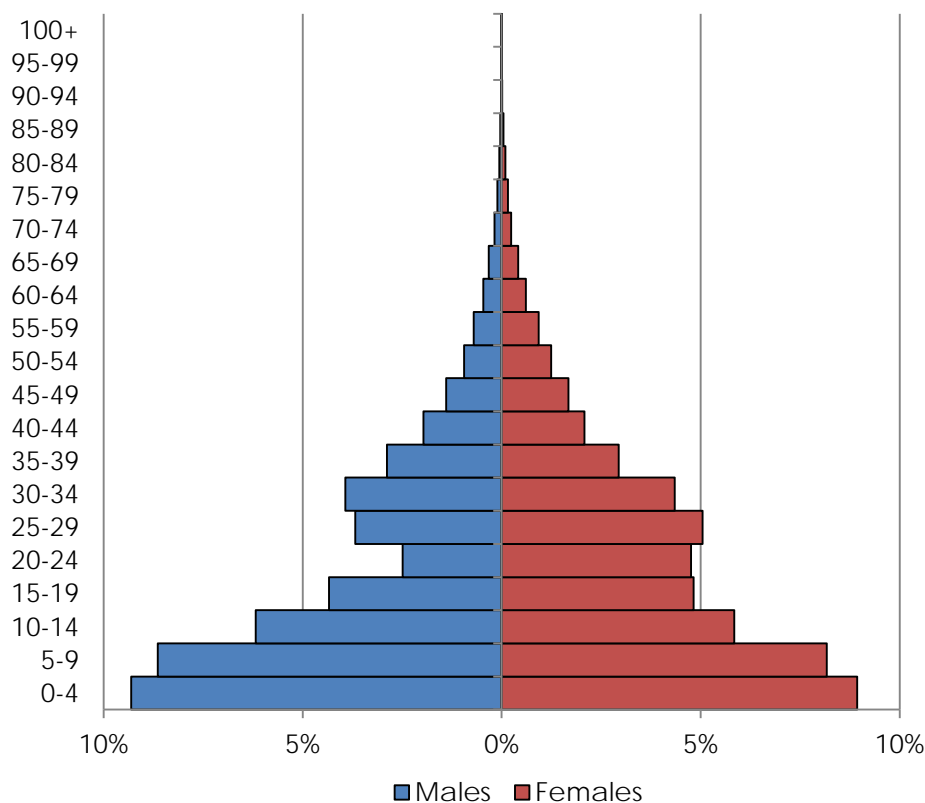
N.B.: The map is for purely illustrative purposes. The borders shown on it do not imply any endorsement. In Jordan, the governorates of Amman, Irbid and Mafraq appear in the darkest shading. In Lebanon, the same applies to the governorates of Bekaa, Mount Lebanon and North Lebanon.

Source: UNHCR.

A gender imbalance is present for Syrian refugees in working age groups. Overall, 52.5% of all Syrian refugees in Jordan and Lebanon are females (Verme et al 2016). In Lebanon, the male-to-female ratio is particularly low in the 20-24, 25-29 and 30-34 age groups, where females consistently outnumber males (see Graph 4.2 below). This phenomenon may be due to the direct involvement of males in the Syrian conflict as well as to pre-war migration outside the neighbourhood for study or work reasons, which affected males in these age groups to a larger extent (ILO 2014). Given the high amount of young children (as presented below), this translates into a significant number of female-headed families. Such



Graph 4.2: Age structure of registered Syrian refugees in Lebanon



Source: UNHCR 2015.

gender imbalance in working age groups is also present for Syrian refugees registered in Jordan, but is significantly less pronounced than the gender disparity faced in Lebanon (Verme et al 2016).

Syrian refugees are relatively younger than the host countries’ population. Approximately 65% of all registered Syrian refugees are under the age of 25 and almost 20% of all refugees are children below the age of 4 years (Verme et al 2016). This implies that large parts of the population face substantial needs in accessing education and healthcare. For example, Jordanian authorities claim that 600,000 refugees visited hospitals in 2015.<sup>(13)</sup> In Lebanon, 70% of the surveyed Syrian refugee households reported to have a child needing care. Lebanese public hospitals lay claim to USD 18 million in due bills from the hospitalisation of Syrian refugees (Government of Lebanon and UN 2015).

Beyond their young age, educational attainment and skills are generally low for the registered Syrian refugees. As the Syrian refugee population is very young, it is not of the age to hold certain levels of educational attainment. Survey findings point out that only 60% of Syrian refugees in Jordan in the relevant age group are enrolled in primary school (Stave and Hillesund 2015). By the age of 15, less than 40% of Syrian children are enrolled in Jordanian schools. In Lebanon, the enrolment rate of Syrian children in primary schools is estimated at 55% and tends to be low at all school levels (ILO 2014).

Moreover, according to UNHCR and World Bank findings (Verme et al 2016), approximately two out of 10 Syrians in Jordan and Lebanon aged 25-64 have not completed their primary education. Only around

<sup>(13)</sup> Jordanian government official at EBRD Conference “Enabling the Private Sector to Support Refugee-Hosting Communities” 3 February 2016.



one out of 10 Syrian refugees aged 25-64 has achieved secondary education in the two host countries. This means that the majority of Syrians in working age has relatively low levels of educational attainment. For Lebanon, ILO (2014) reports that 45% of Syrians surveyed were unskilled workers while 43% are semi-skilled. The situation is similar in Jordan, where only 5% of Syrians are employed in skilled white collar jobs (Stave and Hillesund 2015).



## 5. LABOUR MARKET OUTCOMES FOR SYRIAN REFUGEES IN JORDAN AND LEBANON

Employment and economic activity rates (including both formal and informal work) tend to be low for Syrian refugees in Jordan and Lebanon. The economically active share of Syrian refugees is estimated to be 28% of the total Syrian refugee population in Jordan (Stave and Hillesund 2015) and 47% in Lebanon (ILO 2014). Syrians face high unemployment rates, estimated at 61% for refugees living outside camps in Jordan (see Table 5.1 below), 80% for those living in the biggest camp of Zaatari (Stave and Hillesund 2015) and a lower, but still high, 33% in Lebanon (Ajluni and Kawar 2015).<sup>(14)</sup> It is important to note that, in Lebanon, participation rates and employment figures might have substantially decreased as a result of the recently introduced “pledge not to work” for Syrian refugees.

Table 5.1: Estimated labour market data for Syrian refugees in Jordan (2015)

Labour Market Aggregates	Jordanians	Syrian Refugees	Syrians as % total
<b>Activity Rate (Labour Force Participation Rate)</b>	37.6%	27.8%	-
<i>Males</i>	61.3%	52.2%	-
<i>Females</i>	13.7%	5.9%	-
<b>Labour Force</b>	1,654,960	107,181	6.1%
<i>Males</i>	1,361,979	96,550	6.6%
<i>Females</i>	298,614	11,834	3.8%
<b>Employment</b>	1,456,893	42,024	2.8%
<i>Males</i>	1,224,226	41,246	3.3%
<i>Females</i>	232,667	778	0.3%
<b>Unemployment</b>	198,067	65,157	24.8%
<i>Males</i>	137,753	55,304	28.6%
<i>Females</i>	60,314	9,854	14.0%
<b>Unemployment Rate</b>	12.0%	60.8%	-
<i>Males</i>	10.1%	57.3%	-
<i>Females</i>	20.2%	83.3%	-

N.B.: Data include both formal and informal work.

**Source:** Data are taken from an unpublished 2016 Statistical Review of the ILO’s Regional Office for the Arab States on Syrian refugees in the Jordanian labour market. The ILO derived the data on Jordanians from the Jordan’s Department of Statistics labour force survey, second round 2015, and the data on Syrian refugees from the UNHCR and Stave and Hillesund (2015).

Employment and activity rates of Syrian women are particularly low. In Lebanon, unemployment of Syrian women is estimated at 68%, while in Jordan the figure is at 83.3% (see Table 5.1 above). Economic activity rates are 5.9% for Syrian women in Jordan and 19% for those in Lebanon (ILO 2014).<sup>(15)</sup> Cultural factors combined with the high share of small children, and the concomitant need for some of the adult population to ensure childcare, can explain such numbers. Moreover, the gender pay gap is substantial for Syrian women workers in Lebanon, where women have been found to be earning 40% less than men (ILO 2014).<sup>(16)</sup> The low amount of male heads (especially in Lebanon) for Syrian refugee households requires more women to engage in economic activities in order to sustain themselves and their families. The need to engage in childcare might require the development of part-time and home-based activities, in particular for women.

<sup>(14)</sup> Note that unemployment among Syrians at present is likely to be higher as a result of the recent refugee restrictions to work.

<sup>(15)</sup> It should be noted that the female activity rate in most of the EU’s southern neighbourhood countries does not exceed 30%, according to Eurostat. Aside from Israel, Lebanon was an exception in this regard, with a female activity rate of 33% in 2012.

<sup>(16)</sup> No study has been carried out on the subject in Jordan, but conditions are likely to be similar.

Syrian households' poverty and barriers in accessing education may contribute to a rise in child labour,<sup>(17)</sup> including hazardous and illicit activities. In Jordan, school enrolment rates among Syrian refugee children are generally low, estimated at 54% for those aged 9 to 17; enrolment rates are particularly low among economically active children (8%) and children actively looking for work (3%). Child employment of boys aged 9-15 is standing at 3% in the Syrian refugee community outside camp, compared to 0.5% among Jordanian children. Most of the employed Syrian refugee children work in the construction sector (37%), which can prove particularly hazardous to their health and development. Stave and Hillesund (2015) have also estimated that roughly one in three children aged 9-14, and two in three children aged 15-17, are neither in school nor employed.

In Lebanon, findings show that 8% of children in the age group 10-14 are working (with the figure being on the rise) and the majority does not attend school. Survey findings from ILO (2014) indicate that the main reasons behind the failure to enrol Syrian children in Lebanese schools are related to the excessive cost of school fees (47%), the lack of schools in proximity (27%) and failure to meet the deadline for school registration (25%). Only 7% of the respondents indicated child work as a reason behind non-enrolment: this suggests that barriers in accessing education can play a role in increasing the incidence of child labour. Findings also suggest that children are mostly employed in trade and agriculture; the latter sector might expose children to health and safety risks. Also, a recent survey of 1,510 street children found that 73% were Syrians and 46% engaged in petty trade (Ammar et al 2015). Younger children were more likely to engage in begging activities; a small number of them were found in illicit activities, such as prostitution.

Most Syrian refugees who are in paid work are employed in the informal sector, characterised by low productivity and low pay. According to ILO (2014) survey findings, 92% of economically active Syrian refugees in Lebanon are found in the informal sector, while the figure stands at 99% for those located in Jordan (Stave and Hillesund 2015). Around 72% of Syrian workers in Lebanon are employed and paid on a seasonal basis. It is important to bear in mind that in both Jordan and Lebanon the level of informality in the economy is high in general (i.e. not only with regard to refugees' employment) and has been estimated to involve around 50% the labour force (Stave and Hillesund 2015, Ajluni and Kawar 2014).

For Jordan, Stave and Hillesund's (2015) findings suggest that the sectors in which most Syrian workers are employed are: construction (41%); retail commerce (23%) and manufacturing/industry (12%). The sectors absorbing the majority of Syrian workers in Lebanon are services (39.6%) – mostly domestic and personal services (27%) –, agriculture (24%) commerce (15%) and construction (12%) (Ajluni and Kawar 2015). With the exception of manufacturing, these sectors are associated with low skills and low productivity in the Jordanian and Lebanese context, involving a high degree of informality. For example, in Lebanon, the agriculture and construction sector are characterised by very high informality rates, estimated at 92% and 81% respectively (ILO 2014).<sup>(18)</sup>

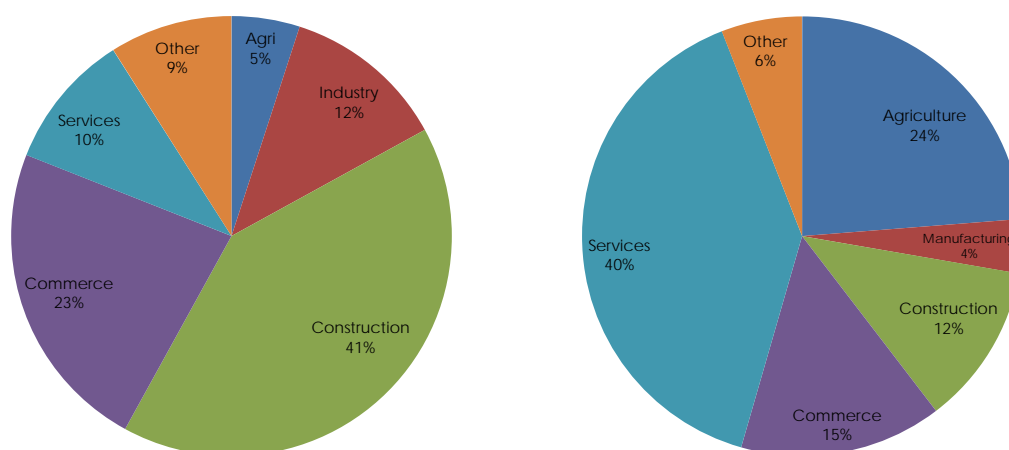
The arrival of Syrian refugees has mostly affected Jordanian and Lebanese employees at the lowest end of the skill spectrum. For Jordan, survey findings indicate that about 90% of Jordanian workers in employment in March 2011 remained employed three years later (Stave and Hillesund 2015). The service sector, which absorbs over a third of the Jordanian labour force, has remained unaffected. Crowding-out from Syrian refugee workers has been modest and mostly present in the construction industry, where the share of Jordanian male workers has decreased from 9% in 2011 to 7% in 2014, as Jordanian workers were found to drop out from employment in the sector (Stave and Hillesund 2015). In the retail trade industry, the share of Jordanian workers has remained constant at 18%, while the sector has absorbed a big share of Syrian workers (23%). This suggests, first, that not only labour supply has increased as a

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<sup>(17)</sup> Employment that is detrimental to a child's health and development is classified as child labour by international standards. It comprises all employed children below the minimum working age, unless they only work a few hours per week in permissible light work. Children above the minimum working age are not in child labour, unless their work is considered hazardous

<sup>(18)</sup> Estimates of the informality ratios of individual sectors stem from the "Multiple Indicators Cluster Survey" of 2009 by Lebanon's Central Administration of Statistics.

Graph 5.1: Estimated distribution of Syrian refugee workers by sector, Jordan 2014 (left) and Lebanon 2013-14 (right)



N.B.: In Jordan, the share of Syrians involved in the agricultural sector might be subject to underestimation: in the governorates where the Stave and Hillesund (2015) survey took place (Amman, Irbid and Mafraq), agriculture is a small sector as compared to other regions of the country.

Source: Stave and Hillesund 2015, Ajluni and Kawar 2014.

result of the arrival of refugees but also labour demand, with new employment opportunities being created in the retail sector in response to a positive demand shock in the economy. Secondly, Jordanians have also benefited from this additional demand for labour, having maintained their share of 18% of retail workers despite a significant increase in the absolute number of workers in this sector.

Sector-specific employment statistics by nationality are not available for Lebanon, but the arrival of Syrian refugees has contributed to an expansion in the labour force in the four years following the Syrian crisis (Hamdan 2015). Moreover, over the last decade, Lebanon has gone through a shift in the distribution of employment with an increase in the demand for low-skill work. Findings indicate that low productivity activities (such as retail trade, domestic agriculture and construction) have grown more than high productivity ones (such as export-oriented manufacturing and agri-business, transport, communications and financial services). Given the low level of skills and educational attainment of Syrian refugees, competition between Syrian and Lebanese workers is more intense in the low-skill, low-pay end of the spectrum, where Syrian workers were found to accept lower salaries and worse conditions at work (ILO 2014), thus undercutting Lebanese job-seekers. FAO (2013) research findings show that the increase in Syrian agricultural workers caused daily wages to fall by 60%. Unskilled young Lebanese youth (aged 15-24) have been particularly affected with a 50% increase in the number of unemployed youngsters since 2011. Refugees who arrived in Lebanon earlier than those fleeing Syria due to the current armed conflict have also been facing a serious increase in unemployment. For example, unemployment among Palestinian refugees reached a historical peak of 23% in 2015 (Government of Lebanon and UN 2015). Moreover, the inflow of Syrian refugees into the informal economy has led to a 10 percentage point increase of the work informality ratio in Lebanon, which stood at 44% before the Syrian crisis (Ajluni and Kawar 2015). Since 2011, the overall incidence of poverty of Lebanon has increased from 28% to 32%, although this might mostly reflect the fact that Syrian refugees, many of whom are poor, have entered the calculation of the poverty rate (IMF 2015a).

The increase in labour supply for informal, low-paid jobs can contribute to downward pressures on wages and poor labour conditions. As only 10% of Syrian workers surveyed by Stave and Hillesund (2015) in Jordan have work permits and the majority are employed with no contract (49%) or through an oral

agreement<sup>(19)</sup> (25%), they are often subjected to longer hours without overtime premium, salaries below the minimum wage and hazards in terms of occupational health and safety. This may translate into competitive pressures also on the least skilled Jordanian workers, which may result in social tensions. However, working conditions tend to be worse for Syrians than for native Jordanians. It is estimated that 25% of Syrians (as compared to 13% of Jordanians) receive a wage that is below the minimum one (standing at JOD 190 per month for Jordanians and JOD 150 for non-Jordanians, as presented in Section 3); around half of Syrian and Jordanian workers are paid broadly between once and twice the required minimum wage for Jordanian workers (JOD 200-399 per month). A large share of the Jordanian youth (aged 15-24) makes less than the minimum wage.

In the research conducted by Stave and Hillesund (2015), Syrians were found working longer hours than Jordanians: 30% of Syrians reported working 60 hours or more and 19% were working more than 80 hours, as compared to the 14% of Jordanians working 60 hours or more. Also, 21% of Syrians, as compared to 16% of Jordanians, were found working seven days a week.<sup>(20)</sup> In terms of safety at work, no substantial difference was observed among Jordanian and Syrian workers: when field data was collected by Stave and Hillesund (2015), no worker, regardless of his nationality, was wearing protective equipment in construction sites.

In Lebanon, ILO (2014) findings indicate that the average monthly income for Syrian refugee workers was at LBP 418,000, which is significantly lower than the national minimum wage of LBP 675,000 despite the fact that, on average, Syrian workers tend to work more hours per week than Lebanese (50 hours per week for Syrian male workers against the 48 hours average for Lebanese). Considering that the average Syrian household is made up of five people, this amount is less than the 2007 poverty line of LBP 6,000 (around USD 4 on the basis of market exchange rates) per person per day. Findings also show that 57% of Syrian workers earned less than LBP 450,000 per month; among Syrian women, this share was significantly higher, standing at 91%. The percentage of Syrian households living below the poverty line has reached 70% at the end of 2015, as compared to 48% in 2014. The low wages received are often complemented with alternative sources of support: 36% of Syrians surveyed had alternative sources of income, mostly made of savings (22%) and UNHCR cash support (50%).

According to the World Bank, there is little evidence that newly-created businesses run by Syrians have displaced Lebanese and Jordanian businesses. In Lebanon, about 66% of the current stock of informal businesses run by Syrians were opened in 2011-2014, as compared to only 29% of Lebanese ones having been started in this period. However, Lebanese businesses still accounted for 84.1% of new businesses created in proximity to Syrian refugee settlements in 2011-2014, while Syrian-owned business creations made up only 13.6%; the remaining 2.3% were founded by entrepreneurs of other nationalities (World Bank 2015). In Jordan, Syrian entrepreneurs have contributed significantly to the provision of job opportunities including for Jordanians, with a volume of investment in free economic zones reaching more than USD 70 million (0.2% of annual GDP) since the outbreak of the Syrian crisis (ILO 2015a). The potential of enterprises founded and run by Syrian migrants could be exploited further, with a view to growing the economy and raising labour demand.

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<sup>(19)</sup> An oral agreement is a legal type of contract under Jordanian Labour Law.

<sup>(20)</sup> According to Jordanian labour law, regular working hours shall not exceed 48 per week (Art. 56) and workers are entitled to minimum of one day per week for rest (Art. 74-75).

## 6. LABOUR MARKET CHALLENGES

The integration of Syrian refugees in the Jordanian and Lebanese labour markets has the potential to contribute to better macroeconomic performance in these countries, through a boost to the workforce. It could also limit distress in public finances, by lessening dependence on humanitarian assistance. However, the arrival of significant numbers of refugees in relatively little time has given rise to several challenges, which need to be addressed for labour market integration to be successful.

**Both Jordan and Lebanon have, on the whole, chosen quite restrictive labour market policies for Syrian refugees located in their countries.** In Jordan, the fact that work permits are tied to a specific position and the existence of a rigid, sector-by-sector quota system for migrant workers constrain not only the reallocation of workers in line with productivity developments, but also labour mobility and the incentive for Syrian refugees to seek lawful forms of employment. In Lebanon, the recently introduced “pledge not to work” has been an immediate reaction to the arrival of large numbers of refugees and mounting social dissatisfaction with this. However, in the longer term, it could prove harmful, e.g. by putting further strain on public finances (due to exacerbated dependence on humanitarian aid to meet the basic needs of the refugee population) or by curtailing the economy’s growth potential (due to the restriction on labour market participation).

**The relatively low level of educational attainment of Syrian refugees implies that competitive pressures are concentrated in low-skill sectors.** This leads to a ‘race to the bottom’ among the Syrian refugees entering the host countries’ labour markets, as they are likely to accept less than adequate labour conditions in the attempt to sustain their livelihoods. In addition, among the host population, the increased competition for low-quality and low-paid jobs is most keenly felt by the lowest income segments with a concomitant risk of social tensions. The concentration of competition in the low-skill sector has only been exacerbated by labour market policies that make refugees’ access to higher-skill jobs even more difficult than for low-skill ones.

**The high level of informality in the Jordanian and Lebanese economy does not facilitate the integration of Syrian refugees in the host countries’ formal labour markets. Conversely, the refugees’ prevalent skills profile, in combination with some of the aforementioned policy choices, favours a further expansion of the informal sector.** Around half of the Jordanian and Lebanese economies is operated on an informal basis. The reasons behind this high degree of informality are related to significant bureaucratic hurdles and the excessive costs that local businesses face when formalising their activities, as well as limits to the reach of the state in general, which implies lax enforcement of the law and hence low risks for informal businesses of being caught. While informal work can give people who might otherwise be shut out of the productive process altogether a chance to earn a living, the negative consequences are manifold: fiscal evasion; a lack of enforceability of even basic standards, e.g. in terms of health and safety and other working conditions (and concomitant risks of a more general erosion of the rule of law) and a brake on the economy’s growth potential, as informal businesses face additional barriers to grow beyond a certain size, even if they are commercially successful. The Syrian refugee population in working age – with a low average level of educational attainment and skills – ‘naturally’ ends up being employed informally, as informality is an intrinsic feature of low-skill and labour intensive sectors in Jordan and Lebanon. Policies restricting their access to formal employment reinforce this trend. Given the average skills profile of Syrian refugees (below that of the native population), the informal sector in the two countries may swell further as a result of the arrival of refugees.

**The demographic characteristics of the Syrian refugees in Lebanon and Jordan indicate a relatively young population with a significant presence of women and children.** These groups face particular challenges with respect to labour markets. The high number of children, in conjunction with prevailing cultural norms, implies that many women face the need to engage in childcare; this constrains their ability to enter labour markets. At the same time, there is an increased need for Syrian women to seek paid work in order to sustain their own and their families’ livelihoods, because in many refugee families no male adult is present. In this situation, the risk of families resorting to child labour is increased. Additionally,

insufficient access to education for Syrian children in Lebanon and Jordan – one area of the aforementioned problems with public service delivery – may lower the perceived opportunity cost of child labour: parents might consider that minors who do not attend school anyway could just as well work in order to help to sustain the family.



## 7. LABOUR MARKET POLICY OPTIONS

The Syria conflict has brought negative economic spillovers and the arrival of a large number of refugees to two of its main commercial partners, the neighbours Jordan and Lebanon. Aside from the immediate humanitarian needs, labour market integration of refugees is crucial. For the Syrian refugees themselves, it enables them to improve their situation through their own efforts, thus lessening the incentives for onward migration, including to the EU. Staying in the region should eventually facilitate refugees' post-conflict return to Syria. For host countries, labour market integration is a way to reap more of the potential economic benefits from the demographic boost. However, several problems persist. Aside from the challenges in the labour market itself, as outlined in the previous section, Jordan and Lebanon also struggle with the provision – as well as the cost (in the form of subsidies from the state budget) – of public services such as healthcare, education, electricity and sanitation. Access to education in particular is an important ingredient also for successful labour market integration. These problems predate the arrival of large numbers of Syrian refugees, but have been thrown into relief by it.

The labour market policy response in Jordan and Lebanon has so far broadly gone in a direction of limiting refugees' access in an attempt to protect the native population. Even if this is understandable given the large number of refugees and the aforementioned challenges, it places too much emphasis on competition for jobs between locals and migrants, thus implying that the number of jobs is somehow fixed. This “lump of labour fallacy” neglects that the demand for labour is dynamic and could grow substantially in the wake of the demographic boost that Jordan's and Lebanon's economies are experiencing.

Joint efforts from host governments and the international community are required to identify the skills and potentials of refugees and engage them gradually in productive and formalised economic activities, as well as to increase the labour market potential of the native population. The EU is part of this international effort, notably through bilateral compacts with Jordan and Lebanon, announced in February 2016 at the international donors' conference in London and currently under negotiation, which aim to combine international support with national policy action. Part of the EU's pledge towards Jordan consists of a new programme of Macro-Financial Assistance – the EU's balance-of-payments support instrument for third countries, which is managed by the European Commission's Directorate-General for Economic and Financial Affairs. Labour market policies could play a role in the policy programme that would need to be negotiated with the Jordanian authorities before such a new operation could be implemented. Encouragingly, some references to a relaxation of labour market restrictions for refugees are made in the “New Holistic Approach” proclaimed by the Jordanian government at the London conference.

**Authorities can ease access to formal employment opportunities for refugees by simplifying the procedures and documentation requirements to obtain work permits, as well as decreasing their direct and indirect costs for both employees and employers.** This could be a limited but useful first step towards labour market opening, which the Jordanian and Lebanese authorities – understandably, given the scale of the refugee crisis – see a need to manage carefully. In Lebanon, the “pledge not to work” requirement is a barrier to the integration of Syrian refugees in the formal economy, as Syrians have to decide between their national refugee status and labour market participation. At the donors' conference in London, Lebanese authorities showed some willingness to integrate Syrians in formal employment, at least in sectors where competition with host communities is limited, albeit only in exchange for international support. In Jordan, where regulatory hurdles to formal employment are significant, there is a case for increasing labour mobility and unleashing the economy's ability to reallocate labour depending on productivity developments.

**Training of both the Syrian and native populations to work in export-oriented labour-intensive activities can boost the countries' economic development.** Training – which could be scaled in accordance with the available funding, both national and international – would need to be organised in close conjunction with prospective employers to ensure that it covers the required skill set and translates into actual employment. Garments production in Jordan and agri-business in Lebanon are often

considered among such sectors that could qualify. The establishment of development zones and industrial areas – part of the Jordanian economic response to the Syrian refugee crisis – includes the employment and training of Syrian and local workers in the garments industry and other key export sectors. According to the Jordanian authorities, this can improve growth and the country’s current account balance. In support, the EU – one of Jordan’s major trading partners – is considering Jordan’s request to facilitate the access to the EU market for Jordanian exports by implementing more flexible rules of origin. Such a measure would be aimed specifically at supporting the creation of employment opportunities for refugees.

**Lebanese and Jordanian authorities face the need to develop reliable and frequently updated statistics, to inform the design of tailored solutions for different target groups.** Good quality statistics on the age and skill profile, family situation, economic activity and unemployment rates of both foreign and native workers across various economic sectors are necessary to support the design, impact assessment and implementation of labour market policies, notably training. In particular, the Lebanese Central Administration of Statistics faces severe challenges in gathering good quality and up-to-date data.

**Temporary hiring of Syrian refugees and poor host communities through “cash for work programmes” in infrastructure upgrading can yield employment and income prospects for these groups, as well as delivering much-needed improvements to public services.** The rather low enrolment rates of children in schools and low levels of educational attainment of Syrian refugees calls for additional investment in public education. Other public services requiring investment in infrastructure upgrading are energy, waste disposal and waste-water treatment. Syrian refugee and poor host communities could be involved in projects to expand access to basic public services – such as healthcare and education – through cash-for-work programmes, under which direct cash payment or vouchers are given in exchange for public works performed by communities. Such measures will need to be largely donor-financed, as the host countries’ fiscal situation is under strain anyway, imposing tight limits on much labour market impact Jordan and Lebanon could achieve with this approach solely with their own funds. For example, in the Beqaa Valley (central Lebanon), the European Commission has supported such programmes in order to improve public services delivery among groups of Syrian refugees and poor Lebanese households. More generally, the EIB and EBRD can play an important role in this context, since they have the means to finance large-scale infrastructure developments. In this context, the EU supports Lebanon’s application for recipient country status in the EBRD, following the country’s accession to the bank in December 2015. In sum, infrastructure creation and upgrading projects can boost temporary employment and income among Syrian refugees as well as the poorest Jordanian and Lebanese, while at the same time creating public goods.

**The promotion of entrepreneurship – such as through better access to credit for SMEs and an improved business climate – can boost economic performance and labour demand in the host countries.** The evidence from Lebanon shows that high growth in the newly established Syrian informal businesses has not led to substantial crowding-out of Lebanese businesses. Access to credit, training for entrepreneurs and formalisation of these activities can boost their potential contributions to the national economies. Small loans allowing refugees and poor host communities to purchase low-level capital goods – such as construction tools, hairdressing tools, sewing machines, bakery equipment, etc. – can create significant employment opportunities for those having the required skills but lacking the financial means to start their activities. More generally, lowering the bureaucratic hurdles to start and run formal business activities has the potential to improve economic growth in Jordan and Lebanon in the medium term. In view of such requirements, the European Commission has launched a new Private Sector Development Programme for Lebanon in late 2015, with the aim to increase SMEs’ competitiveness and foster their integration into value chains. This programme will specifically target the agricultural and wood processing sectors, which are largely dependent on the use of migrant labour and may therefore be in a good position to create employment opportunities also for Syrian refugees, while at the same time contributing to economic growth and resilience through value-added exports.

**The development of joint-ventures between Syrian and local business partners can establish the roots for long-term cooperation in business and in the workplace.** Establishing stronger commercial linkages between Syrians and the host countries' population can help to maximise knowledge transfers, build trust and establish strong post-conflict commercial ties among the parties. The creation of joint-ventures can also strengthen the social fabric through the employment of Syrians refugees and nationals alongside each other.

**Focus should be given to employment and entrepreneurship development among Syrian women and the youth, who face severe challenges in accessing labour markets in the host countries.** For this purpose, social services and home-based social entrepreneurship activities could be developed among refugees, including childcare, employment centres and school support through additional extracurricular tutoring. The provision of social services among communities of Syrian refugees and the poorest Lebanese and Jordanians would favour flexible forms of employment among women and the youth, who often face the need to engage in childcare or have the ambition to continue their education.

The variety of challenges related to the integration of Syrian refugees in the Jordanian and Lebanese labour markets will require a coherent set of policy proposals and commitments. Jordanian and Lebanese authorities need to develop labour market strategies aimed on the one hand at increasing flexibility so that market forces can allocate resources and businesses can flourish, while on the other hand providing targeted support through active labour market policies. The challenges faced by the two countries, and the circumstances under which they arose, call for strong international support, in a unified and coordinated manner between international donors and the relevant national and sub-national authorities. Finally, sound economic policies to ensure macroeconomic stability are a precondition for coping with the labour market challenges and for harnessing the positive economic potential brought about by the refugee inflow.



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