

RESEARCH REPORT

SHADOWS TO LIGHT

SYRIAN REFUGEE ENTREPRENEURS
IN JORDAN'S INFORMAL ECONOMY

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Policy and International Affairs
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This case study was conducted as part of a project titled, “Informal adaptive mechanisms among refugees in the Middle East: Understanding adaptation, resilience and agency in securing livelihoods in the informal economy among refugees from Syria in Lebanon and Jordan”, and was made possible through a grant from the Ford Foundation.

The project was coordinated by Nasser Yassin (Principal Investigator), Maysa Baroud (Project Coordinator), and Yara Mourad (Program Manager) of the Refugee Research and Policy Program at the Issam Fares Institute for Public Policy and International Affairs.

The report is published by the Issam Fares Institute for Public Policy and International Affairs (IFI) at the American University of Beirut (AUB). It can be obtained from IFI or can be downloaded from the following website: <http://www.aub.edu.lb/ifi>

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ACKNOWLEDGEMENT

This research was made possible by the trust and the time of the Syrian refugee entrepreneurs who were willing to share their experiences with us. I gratefully acknowledge financial support from the Ford Foundation and the Issam Fares Institute for Public Policy and International Affairs (IFI). I am also grateful for the amazing support of Maysa Baroud at IFI. I thank my research assistant Shereen Mazen, and the various stakeholders who participated in multiple rounds of discussion to provide feedback on my study. I'm grateful for the partner organizations Tamkeen Fields for Aid, and Arab Renaissance for Democracy & Development (ARDD) that facilitated the contact with the participants. I also thank Dr. Martha Chen for her constructive and very helpful review to improve the report.

ABSTRACT

Hosting one of the highest number of refugees from Syria, Jordan has provided directly and indirectly some spaces for Syrian refugees to operate their own business ventures and earn their livelihoods. Within refugee camps, multiple businesses were established; many even thrived and expanded, while others stayed confined within tents and houses. Syrian refugees who moved to towns and cities in Jordan had access to more business opportunities but had more legal challenges to navigate. Many Syrian refugee entrepreneurs in Jordan operate in informal markets due to multiple restrictions and constraints. As Jordan has entered its eighth year of hosting Syrian refugees, the government has been working on reforms to formalize and facilitate their entrepreneurial work. Adopting an exploratory approach, this report examines 20 cases of Syrian refugee entrepreneurs operating in Jordan, their motivations, challenges, and adaptive mechanisms. We identify three types of adaptive responses through which entrepreneurs in Jordan are able to operate their business and adapt to a complicated and challenging institutional context. We find that whatever reforms are being made to support Syrian refugee work, the how remains as important as the what. Many issues remain unclear for Syrian refugee entrepreneurs, particularly in terms of protection and security rights. The report concludes with some practical and policy recommendations to protect and support these entrepreneurs.

ACRONYMS AND ABBREVIATIONS

ARDD	Arab Renaissance for Democracy & Development
AUB	American University of Beirut
EU	European Union
IFI	Issam Fares Institute for Public Policy and International Affairs
ILO	International Labour Organization
INGO	International non-governmental organization
IRB	Institutional Review Board
NGO	Non-governmental organization
SRE	Syrian refugee entrepreneur
UNHCR	United Nations High Commissioner for Refugees
UNICEF	The United Nations Children's Fund
WFP	World Food Programme

SYRIAN REFUGEES IN JORDAN

The Syrian refugee crisis has had a major impact on the region, with Turkey, Lebanon and Jordan being the top three neighboring countries with the highest number of refugees. The crisis has generated a complex political and economic outlook on the lives of millions of individuals. In April 2018, the United Nations High Commissioner for Refugees (UNHCR) reported that there are officially more than 5.6 million Syrian refugees divided mainly between Jordan, Turkey, Egypt, and Lebanon (UNHCR, 2018). The neighboring Hashemite Kingdom has suffered a drain on its national resources due to an overflow of refugees into its land.

Jordan hosts over 650,000 UNHCR-registered Syrian refugees across the country, with unofficial estimates putting the number of unregistered refugees at around 741,000 (ACAPS, 2014). Other estimates place the number of Syrian refugees in Jordan between 750,000 and one million people (International Labour Organization [ILO], 2013). According to recent figures, 84% of Syrian refugees in Jordan live in urban areas and 16% live in three refugee camps. Children make up almost half of the refugees (48%) while 4.5% are elderly people (UNHCR, 2019).

The Syrian Refugee Affairs Directorate, supported by both the UNHCR and the Jordanian government, has ensured the efficient provision of assistance and aid distribution in accordance to the basic humanitarian standards held by the United Nations under the 1951 Refugee Convention.

Although Jordan did not actually ratify the 1951 Refugee Convention and its following 1967 Protocol, the country abides by the non-refoulement principle that prohibits it from returning threatened refugees to their countries of origin by force. In other words, even if the country is not a signatory on the main principles of the convention, Customary International Law has played an important role by making the non-refoulement principle widely acceptable. With poor early domestic legislation on the assimilation of Syrian refugees, Jordan has resorted to the encampment policy for a proper organization of the crisis. To avoid laying out concrete planning and drafting measures from scratch, the country has

created safe-spaces that serve as interim solutions for the protection of its sizeable Syrian refugee population. With that, Jordan has come through several challenges that include the following:

- ▶ Massive influx of Syrian refugees out of which 84% do not live in tented settlements.
- ▶ Detrimental effects on the economic, social and resource infrastructure in Jordan, knowing that it had already been weak before the crisis.
- ▶ Negative public backlash on the refugee crisis that only highlights its negative effects and ignores its positive ones.
- ▶ Donor fatigue: the refugee crisis in Jordan was constantly confronted with a shortage of funding from international donors. If international relief agencies continue to shrink their financial help, they might jeopardize Jordan's relative stable environment in hosting refugees.

Nevertheless, Jordan has been working, in coordination with donors and international organizations, on providing and supporting livelihoods including job opportunities to Syrian refugees. Over 125, 000 work permits have been issued for Syrian refugees since 2016 (UNHCR, 2019).

A recent report by Fafo (Tiltnes, Zhang, & Pederson, 2019) notes some demographic characteristics based on a survey conducted in 2017-2018 of Syrian refugees in Jordan: 48% of Syrian refugees originate from Daraa, 19% from Homs; 10% from Aleppo, 9% from Rural Damascus; and 8% from Damascus – 2% of refugees have gone back to Syria. The report also highlights that there are more Syrian women than men refugees aged 25 and over and around 22% of all refugee households are headed by women.

SYRIAN REFUGEES WORKING IN JORDAN

In the beginning, the Ministry of Labor made it very difficult for refugees to operate their own businesses and get legal work permits. This was done because of Jordan's attempt to save the local population from drowning in "competition and unemployment" (Bayram, 2018). According to a Fafo survey, most Syrian refugees work as paid employees and a small percentage work as own-account workers (i.e., self-employed) (Tiltnes, Zhang, & Pedersen, 2019). A very small number of these self-employed have a valid work permit (Bayram, 2018).

Having a large social capital and a network of acquaintances, in-camp refugees have maneuvered their way around the situation through informal ways to make a living within a constrained space. When it comes to refugees residing outside the camps, it is estimated that more than 86% of them live under poor and challenging conditions (World Bank, 2018).

Some Syrian refugees who live outside of the camps pose a lot of pressure on Jordan, especially on the labor market, and this has indirectly nudged the government to be more involved in finding and facilitating job opportunities and to work on processes of opening new businesses for foreigners. At a conference on Syrian refugees in London in February 2016, the Jordanian government agreed to take in a significant number of Syrian refugees into its labor market and to facilitate loans and investment ventures.

The Jordanian labor law provides minimum protection for refugees and asylum seekers who do not have a work permit. However, some domestic laws have made room for Syrian refugees to take part in the labor force. Jordan has also been supportive of livelihood opportunities provided by aid agencies during the refugee crisis. Similar to Lebanon, Jordan has had many refugees working informally. As a result of Europe's attempt to contain the flow of refugees across its borders, Jordan has agreed to let them stay and make a life for themselves through support for financial and work opportunities from the international community. Moreover, the World Bank has planned a \$300 million interest-free loan for Jordan to help improve economic opportunities

for Jordanians and Syrian refugees, to support trade facilitation and investment promotion especially in existing special economic zones, and to foster Jordanian and Syrian entrepreneurship activities (World Bank, 2016).

- ▶ The Jordanian Ministry of Labor has specified 19 sectors that refugees are restricted from working in, such as administrative positions, public sector work, accounting, and many more.
- ▶ Some occupations open to foreign workers (including Syrians) include unskilled/skilled occupations/technical occupations, and are concentrated in the agriculture, construction, manufacturing and service sectors.
- ▶ The government has been proactive in issuing work permits including independent or flexible permits (التصاريح الحرة أو المرنة في القطاعي الإنشاء والزراعة) in the construction and agriculture sectors for Syrian refugees. There is an estimate that as of June 2019 there were around 152,540 work permits issued to Syrians, out of which 32,589 were flexible permits in agriculture, and 24,724 were flexible permits in construction (Al-Ghad, 2019). The permits in construction offer Syrian refugee entrepreneurs (SREs) some opportunities to work as self-employed.
- ▶ Some refugees are self-employed in home-based work such as sewing and preparing food, crochet, wool, perfumes, oils, and Arabic medicine.
- ▶ As of August 1, 2017, new regulations were set to formalize home-based businesses in Jordan for locals and foreigners. The new permits should facilitate access to more and wider markets and social security to home-based entrepreneurs.

With the government seemingly making it easier for refugees to make their way and start a business, onlookers are hopeful that Syrian refugees would benefit from new policies regarding self-employment and entrepreneurship projects. Despite all the institutional efforts and reforms to facilitate the work of Syrian refugees, to generate more job opportunities and to formalize Syrian refugee work, refugees remain dependent on difficult sponsorship systems, challenging work conditions, and unclear regulations. This has left many excluded, with no choice but to work in an informal manner.

THE INFORMAL SECTOR IN JORDAN

There are unofficial estimates that the informal sector in Jordan constitutes around 25% of the total economic activity and employs around 45% of the total workforce (Panorama study, 2012). Some also speculate that the share of informal economy has increased by more than 70% in the last few years due to the number of Syrian refugees working in informal settings (Al-Towaysi, 2017).

The informal economy is “the diversified set of economic activities, enterprises, jobs, and workers that are not regulated or protected by the state” (WIEGO). According to the official international definition, the informal economy includes self-employment in small unregistered enterprises as well as wage employment in jobs without social protection contributions from an employer. More specifically, informal enterprises are unincorporated enterprises (not constituted as separate legal entities independently of their owners) which do not have a complete set of accounts and/or are not registered under national legislation (ILO, 2018). Informal jobs are jobs without employer contributions to social protection (ILO, 2018).

Many SREs operate in informal economies due to limited capital to formalize, lack of official papers, no motivation to pay taxes, and fear of getting overwhelmed with too many demanding restrictions. However, operating in informal markets strips away many rights of SREs including crucial protection/security rights such as health insurance and legal employment rights.

The informal economy comprises mostly of self-employed business ventures in agricultural, labor-intensive manufacturing (including home-based production), and services (trade, transport, maintenance).

REFUGEE ENTREPRENEURSHIP & OBJECTIVES OF THE STUDY

Academic scholars have recently become more interested in refugee entrepreneurship due to the global refugee crisis and the awareness that our prior understanding of migrant entrepreneurship is not sufficient because refugees and migrants are different populations who experience different challenges and opportunities to create a business venture (Heilbrunn et al., 2019). Yet, while many argue that refugee entrepreneurship might play a central role in the lives of refugees and their integration in host communities, we still have limited knowledge about how refugees operate and adapt in these challenging contexts. Recent research documented cases of some successful businesses ran by Syrian refugees in Lebanon (Bizri, 2017; Harb, Kassem, & Najdi, 2018) and in Jordan (Alkhaled, 2019; Refai et al., 2018). Nevertheless, research examining refugee entrepreneurship in a context of emerging/developing countries where regulations are inconsistent remains scarce (Alkhaled, 2019).

We also have very limited academic understanding of the micro-foundations of entrepreneurship that highlights the agency of the individual in navigating economic and social challenges and indirectly impacting macro structures and social economic activities through their adaptive strategies (Zahra & Wright, 2011). Entrepreneurship scholars call for more research that reflects the realism of entrepreneurship through interacting with and learning from the context of entrepreneurs (Welter et al., 2017; Zahra & Wright, 2011).

The research project sheds light on the experiences of Syrian refugees in Jordan's informal economy and on how they resort to adaptive mechanisms to start and operate their own businesses.

This study sets out to:

- ▶ Explore the different motivations and experiences of SREs in starting businesses in Jordan within informal settings.

- ▶ Shed light on the legal challenges encountered by SREs.
- ▶ Identify and describe the different forms of informal mechanisms adopted by SREs to adapt and operate.
- ▶ Highlight some practical and policy recommendations.

Camp-based entrepreneurship

The Zaatari and Al-Azraq camps have become widely known among many academics and other observers, as they are, combined, home to more than 100,000 registered refugees. The Zaatari refugee camp – the second largest refugee camp in the world (World Food Programme [WFP], 2016) – includes more than 80,000 Syrian refugees.

Most of the time, refugees have chosen to open a business inside the parameters of a (formal or informal) tented settlement due to the absence of strict rules. For instance, business owners in Zaatari camp do not have to go through the process of registration and market assessment, nor do they have to have large amounts of capital or deal with language barriers. Although in-camp entrepreneurs have limited chances of expansion and economic freedom, the general services they have provided have been able to suffice the needs of camp inhabitants. Some refugees have started different businesses in information technology through the help of local non-governmental organizations (NGOs) that taught them how to code. “Startup Zaatari,” a workshop on social and business innovation, was conducted by The United Nations Children’s Fund (UNICEF) to increase livelihood opportunities and help Syrian refugees start businesses and get jobs.

People who have spent a long time in refugee camps have rebuilt old skills or developed new ones to generate income. Within the Zaatari camp, the World Economic Forum has revealed that there are more than 3,000 small businesses, generating more than \$13 million a month for the Syrian refugees and the Jordanians they do business with (Benardete & Thakkar, 2016). Those businesses range from shops that sell household appliances to falafel stands, bicycle repair stands, and home-based bakeries. It is essential to note that the 3,000 known businesses do not include a larger number of unidentified Syrian

refugees who operate certain businesses in this camp. Since refugees are allowed to work in a limited number of sectors under certain restrictions outside the camp, many have chosen to stay within Zaatari and take advantage of the enabling environment for their entrepreneurial ideas.

Urban entrepreneurship

For large Syrian investors, Jordan is said to have been a favorable choice because of the good social ties between Syria and Jordan and the country's strategic geographic location. The Jordanian government has attracted such investments through offering some economic access to Syrian people with a good capital (Heilbrunn et al., 2019). For instance, the government has provided an "investor card" for owners of capital that exceeds \$200,000, under the condition that they recruit more than 40 employees in their establishment. The cardholder would also get a special temporary passport to get his/her business going (Bayram, 2018). Depending on the developmental needs of certain areas, this incentive has contributed to the rise of Syrian employees in industrial factories. Some researchers estimate that more than 800 Syrian industrial establishments have relocated to Jordan (Bayram, 2008) and around 4,000 new companies were registered for Syrian investors in Jordan with a total amount of investment over \$300 million working in different industries and trade fields (Tamkeen, 2018)

On a much smaller scale, many Syrian refugee entrepreneurs operate in informal settings. However, some are already considering to slowly formalize their businesses within Jordan's new and more relaxed regulations. Partnerships have been formed between Syrian refugees and Jordanian locals looking for someone who shares their vision. For example, as reported by Amman Net, Al Moeen (Syrian) and Al Khatib (Jordanian) have had a working partnership for some time.

Benefiting from Moeen's previous expertise and Khatib's knowledge of the local market, the two have established a car business. Because of that, Al Moeen has attained a second-class investor card that has facilitated his business activities. The President of the Jordanian Chamber of Commerce has expressed that joint businesses like this one represent added value and reflect positively on the Jordanian economy by generating income, job opportunities and

strengthening the capital base of Jordan (Amman net, 2019). There is also news that the minimum capital required to establish partnerships between Syrians and Jordanians has been reduced to encourage this form of business.

The Jordanian authorities are issuing an investor card category B only for Syrian investors who formalize a partnership with a Jordanian or Syrian investor and invest JD 50,000 in the business. This amount of minimum capital required could be relaxed if the Syrian investor commits to employ at least 10 Jordanian employees.

METHODS OF INQUIRY AND ANALYSIS

A simple and broad definition of an entrepreneur is adopted in this report as an individual who is self-employed (Caliendo et al., 2014), organizes and manages a business and undertakes the risk for the sake of profit. This report examines only the experiences of SREs who moved to Jordan after the war in Syria in 2011.

The research adopts a case study methodology because the aim is to explore the everyday experiences of the entrepreneurs in informal settings and understand the unique and common themes across all participants (Yin, 1994). With the support of a research organization in Amman, we identified the required sample for our research objectives. A female Jordanian researcher with significant experience working with Syrian refugees in Jordan and working in a partner research organization was recruited as a research assistant for this study.

All recruitment and consent procedures were followed as per the AUB Institutional Review Board (IRB) guidelines. Participation in the study was completely voluntary. At the meetings with the participants, we explained the study to them and then asked again if they were willing to participate, emphasizing the fact that they have the right to refuse participation.

Participants were ensured that their privacy and confidentiality would be maintained.

In total, we interviewed 20 SREs in three field sites: Al-Zaatari camp¹, Amman, and Al-Mafraq. This multifaceted composition of our selected study sites made them ideal spaces to explore the dynamics of SREs within different host communities. Table 1 describes the entrepreneurs and field sites. I also interviewed three community guides to get more insights about the topic and context of our study.

Regarding data analysis, I followed guidelines of inductive research (Miles & Huberman, 1994; Strauss & Corbin, 1998), and of constant comparison techniques (Glaser & Strauss, 1967). I worked recursively between the data and emerging insights. I identified both commonalities and variation in the experiences of SREs. Due to the exploratory nature of this study, the findings do not represent the experiences of a wide population of SREs working in Jordan within informal settings.

¹ We were allowed to visit Al-Zaatari camp only once for this research project and conducted three interviews.

TABLE 1. DESCRIPTIVE AND DEMOGRAPHIC CHARACTERISTICS OF CASE STUDIES

Case #	Business location in Jordan	Area of origin - Syria	Gender	Age group	Family status	Year started business	Business type	Future plans
A1	Al Zaatari camp	Daraa	Female	47	Married	2013	Mini market	Open to go anywhere where conditions are better
A2	Al Zaatari camp	Daraa	Male	39	Married	2013	Restaurant/snack	Does not know what is next
A3	Al Zaatari camp	Daraa/ Damascus	Male	47	Married	2013	Mini market	Does not plan to go to Syria anytime soon
B1	Amman	Damascus	Male	43	Married	2013	Mini market	Resettlement or back to Syria
B2	Amman	Damascus	Female	37	Single	2012	Commercial + social venture	Expanding business from Amman
B3	Amman	Al-Ghouta	Female	35	Widow	2013	Home cooking + desserts specialty	Waiting for stability in Syria
B4	Amman	Damascus	Female	50	Married	2013	Tailor	Prefers to go back to Syria
B5	Amman	Damascus	Female	46	Married	2012	Hand-made artisanal work	Wants to resettle somewhere else
B6	Amman	Homs	Male	48	Married	2012	Blacksmith	Might go to Syria – but not sure
B7	Amman	Hama	Male	52	Married	2012	Contractor	Plans to stay
C1	Al-Mafraq	Daraa	Male	48	Married	2013	Construction/contractor	Waiting for stability in Syria
C2	Al-Mafraq	Daraa	Female	44	Married	2013	Handcraft/knitting	Prefers to resettle somewhere else
C3	Al-Mafraq	Daraa	Male	28	Married	2012	House painter	Trying to formalize business in Jordan
C4	Al-Mafraq	Daraa	Male	50	Married	2012	Electrical repair and development	Staying in Jordan
C5	Al-Mafraq	Damascus	Female	20	Married	2013	Beautician	Depends on business opportunities
C6	Al-Mafraq	Daraa	Female	30	Married	2012	Home-dried food	Wants to resettle somewhere else
C7	Al-Mafraq	Daraa	Female	44	Married	2013	Home cooking + dried produce	Plans to stay in Jordan
C8	Al-Mafraq	Daraa	Female	41	Married	2013	Tailor	Plans to stay in Jordan
C9	Al-Mafraq	Al-Ghouta	Female	37	Married	2013	Women accessories making	Staying in Jordan for now
C10	Al-Mafraq	Daraa	Female	39	Married	2013	Home cooking + dried produce	Waiting for stability in Syria

FINDINGS

Motivation

All of our participants were motivated to start their own businesses in Jordan to provide for themselves and their families. Although some SREs had more financial capital than others when they came to Jordan, all SREs realized within a year or two that their stay in Jordan was going to last longer than they expected and that any support from UNHCR will not be enough to sustain them. B7 told us:

“When I came here, I didn’t work and I wasn’t thinking about it, because we thought we were going to go back and not stay away for long. Then, for the sake of my kids, I went to Al-Mafraq and tried to work but didn’t find an opportunity. Some people told me that if I go to Amman, I’d find a job, and this is what happened. I went to Amman and found a house in [X] through a person who used to come to Syria, and he paid my rent for three months and told me to look for a job. We had 200 dinars left and my wife had some pieces of gold which we sold, and I got a small store in the same building where I live.”

For those with prior experience working on their own in Syria, self-employment was their first choice. In addition, woman SREs who were forced to work to support their families resorted to self-employment as this would give them some flexibility to take care of their families and organize some work from home. C9 shared:

“I chose to work in women accessories and jewelry because I love it a lot and it’s my job since so long in Syria. And my husband’s salary was low, not enough to pay for rent, food, water and kids’ needs. I looked for a job at several places here in Al-Mafraq but didn’t find anything, and most of the Syrian women here work in food, tailoring and wool embroidery, and I didn’t see anyone making accessories, so I decided to try working in it, and if I get a good revenue, I’ll continue.”

In addition, all SREs were aware that in case they want to expand their business they need to partner with local partners, consider formalizing the business, or explore other countries for resettlement.

Al-Zaatari-based case studies reflected the temporariness of the camp and of the business opportunities. The three cases we examined

expanded their businesses at some point in the last four years or so; however, they explained to us that opportunities are drying up now in the camp as Syrian refugees are getting fed up of the situation in the camp. Many, according to our informants, are leaving the camp to live outside, or moving back to Syria.

Regulatory challenges

Although there are multiple legal challenges for Syrian refugees to start their businesses, recent laws in Jordan have made room for Syrian refugees to take part in self-employment and labor force. As discussed earlier, partnerships are encouraged between Jordanian and Syrians entrepreneurs, flexible/independent work permits in construction are granted to Syrian refugees (التصاريح الحرة أو المرنة في قطاع الإنشاء), as well as regulating and supporting home-based businesses.

In fact, the government decided that grants received from the EU to support their economy due to the heavy toll of the refugee crisis on their infrastructure and resources will be equally divided between Jordanians and Syrians to avoid any tension or hate speech.

In contrast to the institutional polycentricity observed in Lebanon (Fathallah, 2020), for example, the laws in Jordan were homogenous across different cities and municipalities, with little agency to local municipalities or local forces. In fact, we heard that municipalities in Jordan offer work opportunities to Syrian refugees with coordination of many international non-governmental organizations (INGOs) and are aware that there are some economic benefits of supporting refugee labor and self-employment. This might be an outcome of the political structure in Jordan with fewer political parties that have different stances on the Syrian refugee presence in Jordan. One of our community guides also explained:

“Jordan is a country that cares for its image internationally and always wants to be clapped for. That’s why we care about not sending Syrians back home ... Also, the issue of work permits and opening your own small businesses is more allowed in Jordan than in Lebanon. I think things are more organized here, we can get work permits to people through NGOs and working with community facilitators.”

The independent/flexible work permit was a relief for multiple male SREs who mostly work in construction and general contracting. They can work on their

own without forming a partnership with a Jordanian. Although what the permit offers and entails in terms of rights and obligation was not clear, SREs with permits were no longer afraid of being caught or penalized for breaking the law.

In fact, it seems the legal framework is relatively clearer for SREs in Jordan than in Lebanon (see Fathallah, 2020) as most SREs in this study highlighted the financial issues as a first hinder to formalizing their businesses rather than the unclear laws. The Ministry of Labor in Jordan has laid out some regulations that one needs to follow to obtain a work permit to start his/her business. However, these regulations are not totally clear, and we heard from two entrepreneurs who tried to formalize their businesses that there is a certain amount of bureaucratic hurdles and bottlenecks in the process.

There are still some ambiguous issues in the permit system concerning protection and security, especially given the fact that the government has issued work permits quite quickly to fulfill some promises and commitments with international donors. For example, the contract's clauses in these permits are not very clear (in particular, who is the contractor/ employer and the contractee) which could lead to some problems in the future. SREs with these permits believe themselves to be fully independently self-employed but this is not really the case. These permits do not provide social security for permit holders and medical insurance is voluntary. In fact, one can argue that these permits provide semi-formal arrangements for SREs, rather than fully formal work arrangements.

Zaatari entrepreneurship

Visiting the Zaatari camp, one cannot but notice how camp authorities, with the support of multiple organizations, were able to create multiple semi-formal institutions to facilitate and regulate the lives of thousands of refugees. The camp provides a meso-institution in which businesses can operate on major streets within the camp. A main street stretching across the camp is famous for its multiple independent shops that offer household appliances, falafel stands, bicycle repair, wedding dresses, mobile phones, satellites, homemade bread, and so on. No wonder this street has become to be known as the Shams Élysées (playing on the name of the Avenue des Champs Élysées, a prestigious street in Paris, with Sham meaning Damascus in Arabic). The UNHCR

and multiple NGOs try to regulate sizes of shops and electricity usage; however, they give a certain freedom for these businesses to operate and develop.

Moreover, the backyard or the front area of many residential caravans were turned into small shops, restaurants, or mini-markets. Syrians usually build their stores by taking metal, wood, and remains of an old caravan. A community guide explained to us:

"In this camp, they don't have the ownership right because a refugee can't own something anyway, so the caravan is not his property nor is the piece of land, however this space is his right and his family's right. He's free to open half of it as a small shop...It's a city honestly, a life, the only difference is that this is a caravan and not concrete."

Many small-business owners in the camp are friends and families of traders in Al-Mafraq and made deals on how to bring in products to the camp. Jordanians knew that there is a business opportunity in the camp, and most of the SREs in the camp are merchants by experience since their days in Syria. The people from Al-Mafraq wanted to establish work themselves inside, but they were not allowed. Only residents of the camp work inside Zaatari.

It was very common that wife and husband would operate two to three ventures between home and main street shops in Zaatari. For example, A1 had turned the front of the house into a small convenience store, while A2, her husband, took care of the backside and opened a restaurant. These ventures only employed the entrepreneurs and their children sometimes, as their potential was very limited.

A3 was able to get hold of a prime location in the camp next to multiple NGO offices where many staff and visitors come in and out of the camp. There is a lot of foot traffic in this area, and he was able to save some money and encourage his wife to open a smaller branch next to their house/caravan where she can take care of both the business and children.

When business owners move out, other Syrian refugees might buy their stores, merchandise, location etc., but this was all based on informal (rather than legal) agreements between the parties. Although I noted how resourceful these SREs are in the camp, we have to be aware of the limited opportunities in Zaatari in the last year as many residents are leaving and many SREs are also contemplating other options outside the camp.

SREs in Mafraq and Amman

Two-third of SREs participating in this study have lived in camps, before resorting to a local Jordanian sponsor who helped them to exit the camps and live in Amman or Mafraq. The sponsors were usually family members or friends who have Jordanian citizenships and willing to help Syrian refugees to move to better conditions and maybe better working opportunities in urban/non-camp settings.

People who stayed in Mafraq did so because they found the area cheaper and they could not afford life in Amman, or because they have acquaintances and relatives in Mafraq who helped them out. The people who chose to live in Amman are those who were better off, as most of them already had a business plan to execute there. The Fafo report (Tiltnes, Zhang, & Pedersen, 2019) mentions that for Amman, Irbid and Zarqa, the median yearly household income is around JD 3,000 whilst it is about JD 1,000 lower in the camps as well as in Mafraq and other governorates.

What is different between the two areas is the type of businesses. In Mafraq, SREs tend to lean more towards traditional work like making homemade food/dried produce or tailoring clothes. In Amman, there are a wider variety of options for SREs due to a more modern lifestyle and the larger number of people.

Mafraq is more conservative and SREs have integrated more easily in this community (due to the presence of many family members and acquaintances) but their businesses are more limited relatively to Amman, with the exception of tailoring for example, which thrives in Mafraq's community. There are also some informal camps/settlements within Mafraq where many refugees live but these areas are known only to the local community. We found that young people were more likely to be salaried employees, whereas those aged 40 and older were more likely to be self-employed, similar to the findings of the Fafo report (Tiltnes, Zhang, & Pedersen, 2019).

Adaptive mechanisms in the informal economy – Informal coping strategies

Whenever there is a discordance between the current formal institutions and the needs and interests of people in a certain context, actors adopt certain strategies to adapt and be able to access what they need (Yassin, Stel, & Rassi, 2016). These coping

strategies are considered informal because actors manage their desired activities while evading the restrictions and/or ambiguity of formal institutions (Tsai, 2006).

Consistent with the findings of a report on SREs in Lebanon (Fathallah, 2020) and inspired by Oliver's (1991) seminal work, we identified mechanisms through which entrepreneurs in Jordan are able to operate their business and adapt to a complicated and challenging institutional context.

SREs working in the informal market of Jordan resorted to three types of adaptive responses: *hiding*, *informal partnering*, and *semi-formalizing*.

Hiding

Home-based entrepreneurs did not feel the need to formalize their ventures, as they operated small ventures in their houses and were very much invisible to local police or other institutional enforcers. On the other hand, a few male entrepreneurs described to us some *hiding* techniques as a means to adapt to (or evade) formal restrictions. B6 was one of these few cases as he explained to us that he strategically chose his venture location: "It was a small parking lot here initially, and because we're in a street that is a bit hidden and no people from the Ministry of Labor would come after us, I risked it and took the store." We were told that owning or operating a store in Jordan with no legal permit was rare as the government closely regulates most businesses. SREs in Jordan do not have the ability to work out in the open or have a shop without any legal papers as the Jordanian government usually closely regulates and monitors "on- street" shops.

However, all SREs who adopted the *hiding* coping strategy were aware that at a certain time they might be forced to formalize and register, especially if they wanted to expand the business or in case they were caught by a Jordanian formal entity. As B6 explained: "No, I don't have a license, and if someone makes a complaint about me, they'd shut my business down and I don't know what they'd do with me."

In other words, SREs knew that *hiding* could work only temporarily until they decide what they are doing next. In fact, all SREs were aware to a certain extent of the procedures required to formalize the business; B6 continued:

"I asked and it turns out it costs a lot of money. It's true that I work and have a blacksmithing business, but its revenues aren't enough to afford a license. It's barely enough to pay the rent, food and water,"

Similarly, C4 worked in *hiding* and chose not to rent a shop as visibility might lead to more troubles with the local authorities. Supported by his two sons, they work on different projects in their area of residence, and get referrals from family, friends and previous customers. He said:

"I've always worked in electrical networking and repair/maintenance ... I can't start from zero and learn something new. That's why I started working in electrical development and repair, something I understand. Of course, I faced obstacles. First, it is a profession that is not allowed for Syrians and is for Jordanians exclusively, just like a barbershop and other professions. ...If I want to open an electric shop, I need around 50 thousand in capital, this is what I've heard, and I don't have such an amount, I lost everything during the war."

In Jordan, we did not hear about bribery as a possible way out of troubles if one gets caught working in *hiding*. This may be due to the strict regulations in Jordan and/or due to the fear of participants to share this issue with us.

Informal partnering

We noticed two forms of *informal partnering* between SREs and local Jordanian business owners. These forms offered SREs certain flexibility to work and earn a livelihood. Also, these forms helped SREs to disguise their identities as they acted more as employees rather than business owners in front of any legal entity.

First, *effort partnering* (شراكة جهد) consists of an informal arrangement between an SRE and a local Jordanian business owner who agrees that the Syrian refugee could work in the business and earn a certain percentage of the profits without making any financial investments in the venture. The Jordanian partner owns all the assets of the business and is responsible for any financial investments. In case the local authorities come to investigate, the SRE can act as an employee. However, some of the Jordanian partners did not issue employee work permits for their Syrian partners. SREs without a valid permit could be caught and penalized. This arrangement was common in the case of SREs who

had certain skills such as car or electronics repair (typically men) and hairdressing (typically women). Both Jordanian and Syrian partners worked side by side in the shop. C5 confirmed to us that she believes it is much better for her to be a business partner with a Jordanian woman than to be wage-employed. Some SREs could get up to 50% of the revenues in this arrangement with the local partner, but all were afraid of being exploited at a later stage as there is no official document that protects their legal rights as partners.

Second, *Daman partnering* (نظام التضمين) entails that the SRE is renting the store from a Jordanian landlord, who takes care of all the official documents of the store, while the SRE invests in the business and manages all operations. The Jordanian property owner usually receives the monthly rent and a cut from the store's revenues for being in the frontal. Although this form of partnership may protect the SRE from local authorities because the store appears to them as Jordanian, it is not clear to the SRE whether s/he is an employee or self-employed. Many SREs face the dilemma of how to get an employee work permit when they are actually the owners of the capital of the business.

Semi-formalizing

As the Jordanian government has recently been working on facilitating the process for SREs to formalize their business activities, SREs have more options to make their ventures more formal. We labeled this arrangement as *semi-formalizing*, as it entails a balance or compromise between a fully formal and an informal structure of the business.

First, self-employed independent or flexible permits (التصاريح الحرة أو المرنة في قطاع الإنشاء) in the construction sector have become popular among SREs. However, we consider these as semi-formal as they do not provide many rights and security to SREs as formal arrangements should. We also noticed a certain evolution in the coping strategies of SREs. B7 shared with us first how he used to work as an employee informally:

"The business owner didn't agree on getting me a license and I understood that if I have an employee work permit, I'll have to stay with the same sponsor under whom my permit is, and this doesn't work because some days he has no work, what am I supposed to do then?"

He continued: “I kept working on different projects in Amman and Irbid. Sometimes I used to hide, and sometimes the inspector used to let it go because I’m Syrian.” Early in 2019 he became aware of the self-employed permit, he explained:

“I heard of independent contractor work permits that don’t tie me to one employer, and I decided to get one, because it’s not appropriate to keep on violating the law and worry about going back to the camps because my business is not formal. So, I prepared my papers and applied for a permit and got it one week later, and now I’m working with it.”

B7 was happy he was able to get the permit, ashe shared:

“The permit has helped me a lot, not materialistically but psychologically. I’m not scared anymore because I can work anywhere without violating the law. I made the decision to get the permit after I saw the conditions of Egyptians who violate the law, and the Syrians are sometimes sent back to the camps.”

Second, a few SREs adopted a dual adaptation process formalizing some activities and disguising others as formal. This semi-formal strategy was very helpful for entrepreneurs who wished to develop and grow their business but faced institutional restrictions. Balancing between formal and informal provided a cover that was sufficient to keep away – at least for now – local authorities’ threats for full compliance. B2 who is a trained accountant in Syria started a commercial and social venture to earn money and help other Syrian women. She faced multiple raids as her business was not licensed at the beginning. She told us:

“The problem is that the official representative gave me a one-month time limit, during which I could get a commercial registration...I suffered a lot to do so because some professions are restricted, and others are allowed. Here handicrafts, embroidery, tailoring are all restricted to Jordanians only. I said I want to get a license using my name. He said, you’re Syrian...there are already specific professions that are allowed for you, like construction for example and I don’t know what he listed for me, training was among them... and I train!”

B2 formally registered the training activities of her social venture but she still needed a license to trade if she wants to sell her products. This is when she told us:

“So what I did here is use all my five senses and brainstorming capabilities to come up with a solution...”

A family member who has the Jordanian citizenship just turned 18. I asked her to be my partner on paper only. We went and made a registration under the names of both of us, and another registration under her name alone. I added all activities under her name so as to formalize the activities of this venture... the problem we have is that whenever I have to issue or amend official documents, she has to take time off from her own work to sort out these documents at the official institution.”

Shades of grey and lack of protection/security of SREs

The informal adaptive mechanisms adopted by SREs and presented beforehand reflect different shades of grey between informality and formality within which SREs operate in Jordan’s informal economy. All our participants shared with us some experiences working with informal local partners who abused Syrian refugees’ rights, tried to expropriate their businesses, and did not respect or fulfil their previous agreements and commitment to SREs.

For example, C5 who adopted *effort partnering* (شراكة جهد) in her work told us:

“I went to the salon and agreed with the lady that when clients come, I work with them. I started working for a percentage, but unfortunately, she takes advantage of me, pays me very little, and keeps the big percentage for herself because she’s the owner. It’s true that I’m a partner with my effort but she doesn’t give me what I deserve. Of course, she’s taking advantage of my need for work, and my young age, and the fact that I won’t make a complaint about her because there’s nothing to prove that I’m a partner providing my effort. Even at the beginning, she took advantage of my situation and made me work for six months without paying me a penny...if I had money, I would’ve got the equipment to my house and worked on my own.”

A Jordanian community guide and an advocate for Syrian refugees’ rights explained to me:

“So some Jordanians are taking advantage of SREs ... especially the fragility and vulnerability of Syrians to make more money. There is a dilemma in the reaction of local people towards refugees. At first people were very welcoming and kind. Now, many local people had enough of refugees and believe that Syrians are taking their jobs and business opportunities. As a result, these people either want Syrian refugees to leave or they want to take

advantage of them. It's like having a guest for a long time; eventually you get bored and tired and just want them to leave."

In addition, independent or flexible permits (التصاريح الحرة أو المرنة في قطاع الإنشاء), as previously discussed, do not entail clear laws and regulations such as lack of protection and security for Syrian permit holders.

Social network and tribalism

The role of social capital is central in the context of SREs in any host country, but in particular in Jordan and Lebanon where there are many mixed marriages between Syrian and Jordanian or even Lebanese families. In addition, in the context of our study, the SREs speak the language of their host country, which facilitates their socialization in their new settings. Although some locals took advantage of SREs or started to lobby for their return, many others supported Syrian refugees all along since their entry to Jordan.

SREs' personal relationships could act as a substitute for deficient and uncertain formal institutions. The two forms of social capital: bonding and bridging (Putman, 2001) were essential in the networks of SREs to be able to operate and adapt in host communities. *Bonding social capital* refers to connections and networks between homogeneous traits such as other Syrian refugees, or in particular, Syrian family members or Syrians residing in Jordan or Lebanon. This form of bonding social capital provided support for resources such as financial capital. Many borrowed from family members and friends to start the business. Also, these networks helped SREs in identifying opportunities; in addition to the initial support to settle in since when they first moved to Jordan. On the other hand, *bridging social capital* refers to connections that refugees have with Jordanian and Lebanese friends and acquaintances from the host community. These bridging networks helped SREs in acquiring supplies from wholesalers for example, but most importantly they provided the shield and support against host country institutional challenges. Bonding was important for immediate support, but bridging offered pathways to longer-term survival and provided a certain protection to continue working (semi)-informally.

Institutional void in a country could allow for arbitrary enforcement of laws, and discretionary actions by

some officials; thus, fostering more uncertainty and *wasta* through personal connections and bribes. A similar situation can be observed in Lebanon where, for comparison, Syrian refugees in general and entrepreneurs in particular both seem to have built social capital around them. This has been done through the geographical division of refugees according to areas that are in line with their political views and affiliations. In most cases, SREs in Lebanon have used their "connections" to make their way out of municipality sanctions and pressure exerted by the local community (Fathallah, 2020). In Jordan, connections and networking are present but in a different form. Syrian refugees in some cases rely on pre-existing tribal connections that have helped them facilitate their businesses.

We heard a few narratives about how SREs in Jordan resorted to personal contacts with certain tribes (العشيرة) to solve a problem they had with some local authorities or other Jordanian party (e.g., partner, employer, client, etc.). An integral part of the Jordanian culture and society, tribalism controls how some Jordanians live and identify themselves. When a problem arises, members of the tribe first seek to peacefully resolve it among themselves. Tribe/clan is defined as a group of people who have actual or supposed kinship and lineage, and even if the details of the lineage are unknown, the members of the clan may gather around the founding member, and the ties of kinship may be symbolic.

In a previous report, we found that SREs in Lebanon reached out to powerful family members or friends to help them with certain issues (Fathallah, 2020). They also had to bribe here and there to overcome certain institutional restrictions and continue operating in Lebanon. On the other hand, our cases in Jordan did not talk about bribery, maybe due to more restrictions or fear of talking about it in this institutional context.

C3 summarized to us his experience:

"Honestly, [the Jordanian partner] suggested we become partners, and we actually did around two years ago. But the store is registered under his name and there's no proof that I'm a partner so at any moment he can ask me to leave without giving me anything... Let me tell you something, once I had a fight with the owner and he told me: 'leave, you have no work here', and we were partners. And I left the store, then some people from a tribe here interfered and I came back, but I definitely don't feel safe because at any time he can ask me to leave."

Outcomes of entrepreneurship: Sustenance or resilience?

Although assessing the impact of entrepreneurship on the quality of livelihood and improvement in the income of SREs is beyond the scope of this exploratory study, we try to share some insights from the field data.

There should be a distinction between sustenance and resilience as outcomes of Syrian refugees operating a business venture. Sustenance focuses on providing the basic livelihood needs for Syrian refugees, so they can still survive (Fathallah et al., 2015), in this case while they are in Jordan. On the other hand, resilience reflects the continuity of a purposeful life, adaptation, and advancement of a long-term trajectory despite adversity (Tedeschi & Calhoun, 2004), a definition that entails positive transformation beyond sustenance (Williams & Shepherd, 2016).

Despite the hardship our participants have experienced, including trauma and limited financial capital, the most common narrative in this sample was of resilient refugee entrepreneurship in Jordan. Participants described to us how their businesses have improved their lives financially and psychologically since they moved to Jordan. A3 confessed that despite all the difficulties, he was able to improve his financial conditions by establishing this small business and had “no time to worry.”

In particular, women entrepreneurs are overcoming multiple psychological difficulties through work and business ambitions. Some even dream to share these business opportunities with other Syrian women refugees who are still struggling in Jordan, or explore new opportunities for women returning to Syria. Although C9 lost a large workshop in Syria where she employed 15 employees, she believes that establishing her micro-business in Jordan offered her an opportunity to earn money, meet people, and overcome her sadness. In addition, some women did not work in Syria and felt nostalgic of their comfortable living conditions there. However, they all acknowledged the benefits of founding their own business in Jordan. B4 explained to us:

“I didn’t work before. Maybe the crisis shows the person the abilities that she had hidden, unaware of her worth...Here, I showed myself that I could come and go, and have a house on my own too. You can work, go out and do things. I can do more than men. This alone gives you self-confidence.”

Looking ahead

One third of the SREs in this study contemplate staying in Jordan including some SREs aspiring to grow their businesses. The remaining cases told us that they would prefer to either return to Syria or travel/migrate somewhere where conditions are more stable and conducive for them.

However, none of our participants foresaw leaving Jordan in the next 12 months or so.

Although Jordanian society has in general been welcoming toward Syrian refugees since the beginning of the war in Syria, there seems to be a rise in the hate speech against Syrians in the media and among closed circles in Jordan. For example, one of our participants recounted:

“Once, we had a client who was talking to my Jordanian partner, telling him that the Syrian refugees took the work from the Jordanians, and such stuff. However, when he knew I am Syrian, he apologized and told me: ‘I do not generalize because some people work decently, but I am speaking in general of how the work started being taken by refugees’. After that, no such things happened, but sometimes when my son is playing on the road, the kids of his age tell him ‘go, you refugee!’, but we also got used to it, what can we do?”

In addition, organizations and programs on social media, such as on Facebook, which are promoting and recruiting Syrian refugees for training or work opportunities in Jordan are being attacked by many local people voicing their concerns that these organizations are being discriminatory, arguing that Jordanians are being left out of these opportunities in their own country.

On the other hand, many Jordanian officials speak positively about Syrian refugees and the potential opportunities of collaboration between Jordanians and Syrian refugees in entrepreneurship and other employment opportunities. For example, the President of the Jordanian Chamber of Commerce has been encouraging joint businesses as they have positive impact on the economy (Amman net, 2019). The Minister of Labor is also encouraging all Syrian laborers and those who are self-employed to sort out their permits to avoid any penalties, and has emphasized that Syrian refugees will not be deported in case of violation, in contrast to laws pertaining to other foreign labor in Jordan.

A PROCESS OF INSTITUTIONAL CHANGE?

Although the adaptive mechanisms identified in this report have become very common practice of how you operate a business as an SRE in Jordan, it is not very clear whether these mechanisms would create an impetus for an indirect process of institutional change to foster SREs in their businesses.

It is assumed that with diffusion of these informal adaptive coping practices, these strategies become acceptable and legitimate (Tsai, 2006). As an observation, when comparing Jordan to Lebanon (see Fathallah, 2020), Jordan has been on track for developing new regulations to facilitate wage employment and self-employment opportunities for Syrian refugees and Jordanian small business owners out of the informal sector. The flexible/independent work permits in construction as well as permits for home-based businesses are evidence of this institutional change. Of course, these reforms were triggered to organize internally the large number of Syrian refugees in Jordan who already started their own business informally and to address the multiple pressures from international donors to improve the conditions of refugees in Jordan. In fact, Jordan really cares about its international reputation and is willing to prove to the international community that it is able to support and provide Syrian refugees with many opportunities. In other words, the mantra to follow is: *Do good to look good*. In contrast, what is still missing in the context of Lebanon is the motivation of sufficient actors and civil society organizations to consider reforming the original formal institutions that restrict SRE operations in the country and that put refugees at risk. Of course, the employment of Syrian refugees is a very sensitive and politicized issue in Lebanon (Fathallah, 2020).

RECOMMENDATIONS

Based on our exploratory study to understand the motivation, challenges, and adaptive strategies of Syrian refugee entrepreneurs in Jordan's informal economy, as well as the general context in which they operate, we propose some ideas to inform policy-makers and organizations engaged in refugee entrepreneurship, livelihood and institution-building. Due to the case study methodology and exploratory approach of this research, these ideas are worth discussing with stakeholders from various levels and vantage points: SREs, Jordanian entrepreneurs, Jordanian citizens of the host community from different cities, NGOs, INGOs, civil society actors, and legal consultants, etc.

- ▶ Clarifying the legal structure of the work permits for self-employment, home-based businesses, and Jordanian-Syrian partnerships. There is still no proper legal framework in Jordan for these arrangements. Despite the impressive progress that the government has achieved in facilitating the process for Syrians, the new regulations were implemented too quickly, relatively speaking, and many issues are still not clear. This is an imperative issue from both legal and ethical perspectives, so we can provide decent and fair treatment to Syrian refugees.
- ▶ Setting a long-term strategy of integrating Syrian entrepreneurs in Jordan and formalizing both Jordanian and Syrian informal business ventures. Policies and regulations should be more transparent, and their future implications clearly communicated to all. For example, a clear distinction should be made between business registration and future citizenship.
- ▶ Exploring better conditions for the flexible/independent permit in construction. The permits in the construction sector falls under the Labor Union. The permit appears to offer a degree of freedom for SREs to work as self-employed, while legally the permits make them more of employees. These issues need to be solved to avoid confusion and ambiguity, as well as to understand whether these arrangements make this self-employment formal or semiformal.

- ▶ Initiating large-scale studies to examine the number, scale, and economic spillover of the SREs in different areas in Jordan.
- ▶ Engaging in a multi-sectoral dialogue among all stakeholders including SREs and host community within each city that hosts large numbers of Syrian refugees focusing on the positive impact of SREs on the local communities.
- ▶ Encouraging all organizations to exercise due diligence before communicating publicly any information or statistics on Syrian refugee employment and economic activities in Jordan. For example, the government should clearly state how many work permits were issued for Jordanians and Syrians, and the amount of money received from donors and how it was spent.
- ▶ Fostering training and assistance to young Syrians and Jordanians who are interested in entrepreneurship. For example, the Jusoor Small Business Program 2019 was offered in partnership with World Vision and Youth Resolve to train and support Syrians and Jordanians (18-25 years old) to start new businesses in Amman, Irbid, Zarqa, and Mafraq.
- ▶ Encouraging NGOs and local organizations to create entrepreneurship education and facilitate opportunities through training that are specifically tailored for relatively more mature or older people (above 30 years old) and in areas that that could contribute to
- ▶ Jordan's economy. Also, organizations should avoid offering feminized or clichéd business training.

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ABOUT THE PROGRAM

The Refugee Research and Policy Program

Lebanon and the Arab region are facing one of the largest refugee crises spawning serious public policy challenges. Given this context, the Refugee Research and Policy program generates refugee related/policy-oriented research that addresses an existing knowledge gap in the field of refugee studies. Moreover, the program seeks to enrich the quality of debate among scholars, officials, international organizations, and civil society actors, with the aim to inform policymaking relating to refugees in the Middle East and beyond.

ABOUT THE ISSAM FARES INSTITUTE

The Issam Fares Institute for Public Policy and International Affairs (IFI) at the American University of Beirut (AUB) is an independent, research-based, policy oriented institute. It aims to initiate and develop policy-relevant research in and about the Arab region.

The Institute is committed to expanding and deepening knowledge production and to creating a space for the interdisciplinary exchange of ideas among researchers, civil society actors, and policy makers.

IFI goals:

- . Enhancing and broadening public policy-related debate and knowledge production in the Arab world and beyond;*
- . Better understanding the Arab world within shifting international and global contexts;*
- . Providing a space to enrich the quality of interaction among scholars, officials and civil society actors in and about the Arab world;*
- . Disseminating knowledge that is accessible to policy-makers, media, research communities and the general public.*

