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Jordan Compact and Brussels meetings Independent Monitor's report

Executive Summary: 7 March 2019

The Jordan Compact and subsequent Brussels meetings have created a unique international co-operation agreement between the Government of Jordan (GoJ) and the International Community (IC). This innovative and effective approach has enabled Jordan to continue providing a global public good by hosting Syrian refugees in peace and security with access to basic services and some economic opportunities. Eight years into the crisis, there are 671,551 Syrian refugees in Jordan registered with UNHCR. The Jordan Response Plan has provided a framework for support to host communities alongside refugees. Donors have provided high levels of financial support. These achievements have taken place during a challenging period for the Jordanian economy, which pre-dates the crisis but has also been exacerbated by it, including by the closure of borders with two of Jordan's main export markets, Syria and Iraq; major fiscal consolidation linked to IMF programmes; disruptions to the supply of Egyptian gas, which powered 90% of Jordan's electricity; slow growth within the global economy and the impact of regional instability on investment and exports.

The commitments by both GoJ and IC under the Jordan Compact and in subsequent Brussels meetings recognised the considerable burden assumed by Jordan in hosting Syrian refugees and the direct and indirect costs this imposes on its economy. The Compact identified that Syrian refugees also have the potential to contribute to Jordan's economic growth. GoJ agreed to reform labour markets to remove barriers to Syrians accessing work and to provide basic services for Syrian refugees. In return, IC promised financial support in the form of grants and concessionary financing to support Jordan's macroeconomic framework, host communities and Syrian refugees. Improved access to EU markets for Jordanian exporters, coupled with reforms to the business environment and investment, were expected to deliver hundreds of thousands of jobs and improved wellbeing for both Syrian refugees and Jordanians, and to make a positive contribution to the Jordanian economy.

What has gone well?

The Compact and subsequent Brussels meetings have been a successful partnership between GoJ and IC based on reciprocal commitments. The Compact has succeeded in increasing

international financial assistance for Jordan to meet part of the cost of hosting Syrian refugees and to support the direct provision of essential services for them. Increased financing has helped Jordan to address the pressure on its national resources, while not fully meeting the needs or aspirations of GoJ. GoJ has undertaken a range of reforms of labour markets and the business environment that have benefitted both Syrian refugees and the Jordanian economy.

Most Syrian refugees have been registered and issued with Ministry of Interior (Mol) cards, including through a special regularisation scheme. Labour market liberalisation has given Syrian refugees greater access to work, particularly in the agriculture, manufacturing and construction sectors, despite increased pressure in the labour market for Jordanians. Extensive cash transfers have been provided to refugees by IC. Very high levels of school enrolment for primary-age Syrian children have been achieved. The EU and Jordan signed, and have since expanded, an agreement to simplify rules of origin for Jordanian exports to the EU market. IC has found new ways to provide concessional support to Jordan. GoJ has continued the process of fiscal consolidation and regulatory reform linked to IMF programmes and in close consultation with IC.

Where could things have been better?

Growth in Jordan has been about 2% per year over the past three years, and unemployment is about 18%. Results of improved trade access to EU markets have been disappointing, which is evident from low levels of additional exports and jobs created for both Syrians and Jordanians. Financial support from IC fell slightly in 2018, with increases in humanitarian and budget support categories, but a substantial reduction in resilience funding to benefit Jordanian host communities. Foreign investment has remained flat since 2015 and fallen in 2018. There are continuing barriers to employment of Syrians, especially in skilled occupations. The labour market is characterised by high levels of informality and declining working conditions in some sectors for both Syrians and Jordanians. Labour market participation rates for women are very low, in part linked to social norms. Changes in policy, driven by fiscal constraints, have raised costs and reduced access to health services for Syrian refugees over the past year. Educational outcomes remain low by international standards and there are high dropout rates above 15 years old.

Finally, the Compact and subsequent Brussels meetings have not given adequate attention to some important areas. Jordan ranks very low on global gender indices and there has been very little attention given to disability. There are significant concerns about violence against women in Jordan and child marriage amongst Syrian refugees. There is limited dialogue on protection issues. Important data is often not available or is unreliable, and different sources of data are not consistent.

Beneficiary feedback

A range of beneficiary consultation exercises were undertaken both inside and outside refugee camps in advance of the Brussels III meeting. The focus of these beneficiary sessions was to

identify areas of concern, gaps in service provision and challenges experienced by Jordanian and Syrian participants, in order to adapt and improve programming. During the course of the discussions, participants acknowledged the significant efforts made by GoJ and IC to establish their legal status and to provide services, while highlighting areas for improvement. Jordanians expressed some concerns about preferential treatment of Syrian refugees by IC. Refugees were generally positive about the conditions they have experienced in Jordan, and did not have plans to return to Syria over the next year. On livelihoods, the key concerns that they raised were the continuing significant legal and practical barriers to obtaining employment, including for skilled workers, and to establishing businesses. Concerns were also raised about the quality of education and the costs and quality of healthcare. It is intended to expand these beneficiary consultations with involvement from both GoJ and IC for future rounds of monitoring.

Recommendations

The report makes recommendations for further action under two main headings:

- Measures to improve monitoring and assessment including target setting, a strong focus on results and enhancing data availability, consistency and accuracy; and
- Measures to help achieve commitments, which will draw together existing plans and commitments into a future monitoring framework, with particular focus on:
 - Development of policy dialogue and agreed action to reach commitments.
 - Further development of decent job opportunities for Jordanians and Syrian refugees.
 - Greater emphasis on gender, youth and disability issues, including reforms of the Labour Code for women's economic empowerment.
 - Reforms in health and education to promote equitable access and quality services for Jordanians and Syrians.
 - Enhanced dialogue on protection issues.
 - Sustainable long term funding from IC, aligned to GoJ priorities that recognises the continuing presence of Syrian refugees in Jordan.

Although this report primarily focuses on performance over the past three years, it is expected that the Monitoring and Assessment Framework will be used for future monitoring. There will therefore need to be a process for agreeing targets for indicators in the Framework.



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