

Data Collection Survey on Refugee-Related Business and Social Investment

Final Report



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Abbreviations

- ACTED: Agency for Technical Cooperation and Development
- AML: Anti-Money Laundering
- ASSET: AlFamar Sustainable Social Enterprise Training program
- ATF: Anti-Terrorist Financing
- AYAN: Africa Youth Action Network
- BCI: Business Climate Index
- BDS: Business Development Services
- CARA: Control of Alien Refugees Act
- CBJ: Central Bank of Jordan
- CBO: community-based organization
- CDFORD: Community Empowerment for Rural Development
- CRRF: Comprehensive Refugee Response Framework
- CTEN: Community Technology Empowerment Network
- DCF: Displaced Communities Fund
- DFI: development finance institution
- DFS: Digital Financial Services
- DGGF: Dutch Good Growth Fund
- DIB: Development Impact Bond
- DRC: Danish Refugee Council
- DWM: Development World Markets
- EBUL: Equity Bank Uganda Limited
- EU: European Union
- ES: Expectation State
- ESG: Environment, Social, Governance
- EBRD: European Bank for Reconstruction and Development
- EFE: Education for Employment
- FCDO: Foreign, Commonwealth and Development Office (formerly UK Department for International Development (DFID))
- FI4R: Financial Inclusion for Refugees
- FMCG: Fast-Moving Consumer Goods
- NFIS: National Financial Inclusion Strategy
- FSDU: Financial Sector Deepening Uganda
- FUE: Federation of Uganda Employers
- GAC: Global Affairs Canada
- GADC: Gulu Agricultural Development Corporation
- GIIN: Global Impact Investing Network
- GIZ: Deutsche Gesellschaft für Internationale Zusammenarbeit
- GLP: Gross Loan Portfolio
- GoJ: Government of Jordan
- GoU: Government of Uganda
- GSG: Global Steering Group for Impact Investment
- GUIU: Girl Up Initiative Uganda
- HBB: home-based business
- HI: Humanity and Inclusion
- HIF: Humanitarian Innovation Fund
- IDPs: Internally displaced persons
- IFC: International Finance Corporation

- ILO: International Labor Organization
- INT@J: Information and Communications Technology Association of Jordan
- IOCC: International Orthodox Christian Charities
- IQLAA: Informal Livelihoods Advancement Activity
- IRC: International Rescue Committee
- ISSF: Innovative Startups and SME's Fund
- JIC: Jordan Investment Commission
- JICA: Japan International Cooperation Agency
- JOD: Jordanian Dinar
- JoPACC: Jordan Payment and Clearing Company
- KCB: Kenya Commercial Bank
- KKCF: Kakuma-Kalobeyei Challenge Fund
- KRIF: Kiva Refugee Investment Fund
- KYC: Know-Your-Customer
- LGF: Loan guarantee facilities
- MENA: Middle East North Africa
- MFIs: Micro-finance institutions
- MFW: Microfund for Women
- Mol: Ministry of Investment
- MoL: Ministry of Labor
- MoF: Ministry of Finance
- MoITS: Ministry of Industry, Trade, and Supply
- MOPIC: Ministry of Planning and International Cooperation
- MSMEs: micro-, small and medium-sized enterprises
- NAB: National Advisory Board
- NEP: National Entrepreneurship Policy
- NGO: non-governmental organization
- NRA: National Resistance Army
- NRC: Norwegian Refugee Council
- NUFLIP: The Northern Uganda Farmers' Livelihood Improvement Project
- OBA: Output-based Aid
- OCA: Open Capital
- OECD: Organization for Economic Cooperation and Development
- OPM: Office of the Prime Minister
- PbR: Payments by Results
- PDL: Performance-driven loans
- PforR: Payments for Results
- PSFU: Private Sector Foundation
- RAN: Resilient Africa Network
- RBF: Results-based Financing
- RBL: Results-based Lending
- RE:BUILD: Refugees in East Africa: Boosting Urban Innovations for Livelihoods Development
- ReHOPE: Refugee Host Population Empowerment
- RFA: Regulatory Framework Assessment
- RIF: The Refugee Investment Fund
- RIN: Refugee Investment Network
- RLens: Refugee Lens
- RLI: refugee lens investing

- RLOs: Refugee-led organizations
- RPF: Rwanda Patriotic Front
- RUFI: Rural Finance Initiative
- SAAS: software as a service
- SAFE: simple agreement for future equity
- SCC: Smart Communities Coalition
- SCCIF: The Smart Communities Coalition Innovation Fund
- SDC: Swiss Agency for Development and Coordination
- SDG: Sustainable Development Goals
- SEAF: Small Enterprise Assistance Fund
- SEP: Skills for Employment Project
- SEPARLE: Sustainable Energy Powering Agriculture and Rural Livelihood Enhancement
- SIDA: Swedish Development Agency
- SIINC: Social Impact Incentives
- SINA: Social Innovation Academy
- SME: Small-medium enterprise
- SOP: standard operating procedure
- SRS: Self-Reliance Strategy
- STEP: Student Training for Entrepreneurial Promotion
- TA: Technical Assistance
- TIN: Taxpayer Identification Number
- UK: United Kingdom
- UN: United Nations
- UNCC: Uganda National Chamber of Commerce
- UNCDF: UN Capital Development Fund
- UNHCR: United Nations High Commission for Refugees
- UNICEF: United Nations Children's Fund
- UNRWA: United Nations Relief and Works Agency for Palestine Refugees in the Near East
- UNDP: United Nations Development Program
- USAID: United States Agency for International Development
- USCRI: US Committee for Refugees and Immigrants
- USD: United States Dollar
- US: United States
- VC: venture capital
- VFU: Vision Fund Uganda
- VOC: vulnerable out-of-reach community
- VSLA: Village Savings and Loan Association
- WASH: water, sanitation, and hygiene
- WFP: World Food Program
- YARID: Young African Refugees for Integral Development
- YSAT: Youth Social Advocacy Team
- YVCF: The Youth Venture Capital Fund

1. Introduction

Forced displacement is the defining social crisis of our era. In 2020, the number of forcibly-displaced people worldwide surpassed 80 million, the highest number in history. In 2019, there were over 33 million people internally displaced from conflict, violence and natural disasters, with the vast majority of them living in developing countries.¹ If current trends continue, the total number of forcibly-displaced people will increase to over 300 million by 2030.² Indeed, some forecasts cite 250 million to one billion people could be displaced by climate factors alone by 2050.³ These troubling figures are made worse when considering that the length of time people are displaced also continues to grow: Today, the average duration a person is stuck in a protracted displacement situation is 17 years.⁴

Moreover, budget shortfalls, made worse by the Covid-19 pandemic, have plagued the UN Refugee Agency (UNHCR).⁵ The underfunding of refugee supporting programs is impacting all areas of UNHCR's response, from protection, to assistance and resilience. This shortfall left vital programs like energy access, livelihoods, socioeconomic inclusion and education, underfunded. The direct and prolonged impact of pandemic-related economic shocks on the donor community, and increased demands from competing sectors, e.g., health and food security, are taking a crippling toll on humanitarian funding. Notwithstanding funding challenges, humanitarian efforts -- while critical -- most often fail to address the longer-term, systemic challenges facing refugees like employment, economic opportunity and self-reliance, referred to in this survey as "durable solutions."⁶

The global refugee response system has generally been thought of as state-centric⁷ and the Japan International Cooperation Agency (JICA) has also provided the support for capacity enhancement of the government organizations in charge of refugees and host communities, and for livelihood improvement activities through government channels in refugee-hosting countries, like Uganda and Jordan. However, since the start of the twenty-first century, there has been a growing interest among governments and international organizations in the private sector's potential role as an alternative source of funding and delivery of refugee assistance.⁸ JICA has also realized that to encourage refugee's self-reliance, the private sector's involvement in refugee assistance is essential.

¹ Africa Center for Strategic Studies, "Record 29 Million Africans Are Forcibly Displaced." June 24, 2020.

<https://africacenter.org/spotlight/record-29-million-africans-forcibly-displaced/>

² Refugee Investment Network, "Paradigm Shift," 2018. <https://refugeeinvestments.org/resources/paradigm-shift/>

³ ReliefWeb, "Climate Migrants Might Reach One Billion by 2050," August 21, 2017. <https://reliefweb.int/report/world/climate-migrants-might-reach-one-billion-2050>

⁴ Elizabeth Ferris, The Brookings Institute, *Brookings Report*, "Order from Chaos." June 19, 2018.

<https://www.brookings.edu/blog/order-from-chaos/2018/06/19/when-refugee-displacement-drags-on-is-self-reliance-the-answer/>. Also see: World Bank blog that describes the many caveats affecting the calculation of this figure:

<https://blogs.worldbank.org/dev4peace/how-many-years-do-refugees-stay-exile>

⁵ UNHCR 2020. "Biennial Program Budget & Financials."

http://reporting.unhcr.org/financial#_ga=2.178769383.258470679.1593011253-2044927872.1593011253

⁶ In line with the IASC (Inter-Agency Standing Committee) Framework on Durable Solutions, this survey defines *durable solutions* as those that mean forcibly displaced people (FDPs) no longer need specific protection related to their displacement and can exercise their rights to security and human rights, as well as access to basic services, on the same basis as host communities. Durable solutions therefore require that FDPs have access to legal rights, services and socio-economic opportunities, including access to identity documentation; the right to participate in public affairs; access to jobs and economic opportunities; and an adequate standard of living. Indeed, Governments have a fundamental responsibility to ensure these rights. IASC Framework on Durable Solutions for Internally Displaced Persons', The Brookings Institute-University of Bern Project on Internal Displacement, 2010, cited in ESG report: Financing Durable Solutions for Refugees and Forcibly Displaced People Creating Future Perspectives in Times of Crisis: October 2020.

⁷ Alexander Betts, Louise Bloom, Josiah Kaplan, Naohiko Omata. "Refugee Economies: Forced Displacement and Development." New York: Oxford University Press. 2017.

⁸ Ibid.

Prior to recent calls for private sector partnerships and interventions, advocacy relating to refugee economic rights has largely focused on policies relating to the right to work and freedom of movement. Countries hosting the vast majority of refugees are heavily weighted in the Global South, with many considered emerging economies, often with weak or underdeveloped labor markets. When countries struggle to provide sufficient employment opportunities to their own citizens, they are often reluctant to afford refugees the right to work. While local integration as a *legal* solution is not available to the majority of refugees, a number of countries are increasingly changing their national policies to allow for a degree of economic and social integration. Most governments stop short of offering citizenship - with notable exceptions, including Mexico where refugees are allowed to begin their citizenship process after five years in the country (see below).⁹

But even where governments are unwilling to offer naturalization, some are willing to make concessions that enable aspects of economic integration, including freedom of movement (alongside a de-emphasis on encampment), the right to work and other key rights that enable participation in the formal economy. Between 2015 and 2019, 1.7 million people applied for asylum in Germany, making it one of the top five refugee hosting countries in the world¹⁰. Despite initial public and political concerns about the challenges of integrating refugees, evidence indicates that integration efforts are working, with over 50% of refugees finding employment within five years¹¹. Last year, Colombia, which is home to 1.7 million displaced Venezuelans, issued a historic 10 year temporary protective status to all Venezuelans in its territory, providing a pathway for formal employment and potentially beyond, permanent residency.

Many countries, however, are still reluctant to allow refugees to work and continue to place legal restrictions on them. While the 1951 Refugee Convention requires signatory countries to grant refugees the right to work, almost half of the 145 countries that have signed the Convention have done so with reservations relating to this requirement, and 48 other states are not signatories at all. Furthermore, a number of countries officially allow refugees to get work permits, but in practice few are able to obtain them. For instance, employers' attitudes and perceptions significantly affect refugees' access to employment. A study of 20 different refugee hosting countries found that refugees work under much less satisfactory conditions of decent work compared with nationals, and often lack the means or the willingness to pursue their legal entitlements to work or protection in the workplace¹².

The matrix below compares four countries, two of which are the central focus of this survey, as it relates to core policy issues that either enable or limit refugee lens investment and refugee self-reliance. This is a highly rudimentary comparison that, even within eight fundamental policy areas, shows how varied policies can be. This 'at a glance' comparison also does not convey the very real nuances within each policy, particularly when stated policies are seldom applied uniformly across different displaced communities. A good example of this would be displaced Syrians and Palestinians Jordan who under law, should have similar basic economic rights but who experience significant variances in opportunities to exercise those rights. Rights or permissions, therefore, do not guarantee the promise of opportunity.

	Jordan	Lebanon	Turkey	Uganda
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⁹ The RIN has undertaken a similar survey to this one in Mexico. See, <https://refugeeinvestments.org/3im/>

¹⁰ <https://www.theguardian.com/world/2020/aug/30/angela-merkel-great-migrant-gamble-paid-off>

¹¹ <https://www.dw.com/en/germany-half-of-refugees-find-jobs-within-five-years/a-52251414>

¹² Zetter, R and H. Ruauadel, 2016. "Refugees' Right to Work and Access to Labour Markets: An Assessment: Part I – Synthesis", KNOMAD [https://www.knomad.org/sites/default/files/2017-](https://www.knomad.org/sites/default/files/2017-03/KNOMAD%20Study%201%20Part%20I-%20Assessing%20Refugees%27%20Rights%20to%20Work_final.pdf)

03/KNOMAD%20Study%201%20Part%20I-%20Assessing%20Refugees%27%20Rights%20to%20Work_final.pdf

Right to Move	Rights enshrined in policies	Some rights w/ access barriers	No formal rights	Rights enshrined in policies
Right to ID	Some rights w/ access barriers	Some rights w/ access barriers	No formal rights	Rights enshrined in policies
Right to Financial Services	Some rights w/ access barriers	Some rights, but access barriers	No formal rights	Some rights, but access barriers
Right to Work	Some rights w/ access barriers	No formal rights	Some rights w/ access barriers	Rights enshrined in policies
Right to Start Business	No formal rights	No formal rights	Some rights w/ access barriers	Rights enshrined in policies
National Law or Policy for Inclusion of Displaced People	Jordan Compact	N/A	Law on Foreigners and International Protection	Refugee Act and Settlement Transformation Agenda
Industries Prioritized for Refugee Inclusion	Manufacturing	No	No	Agriculture MSMEs
Sectors Allowing Refugees to Work	Agriculture, Manufacturing, Construction	Agriculture, Construction, Environmental Services	All	All

A comprehensive country by country comparison of specific policies relating to the right to work and freedom of movement for all major refugee hosting countries does not yet exist. Where this data is available there are often significant discrepancies between the written and practiced implementation of refugee right to work policies.

It is for this reason that the Refugee Investment Network is developing the Refugee Opportunity Index (ROI), in partnership with the Economist Intelligence Unit. ROI is aimed at shining a light on national policy shortcomings in an effort to incentivize pro-refugee policy reforms that will support the growth of inclusive economies. ROI is built on 45 sub-indices targeting three broad policy and market segments:

1. **Refugee admissions, integration, and resettlement policy:** Refugees' access to economic opportunity is dependent upon clear, funded policies and laws that give refugees the opportunity to enter host nations and to meet their most basic needs.
2. **Basic rights and access to services:** Refugees' self-reliance depends on their ability to enjoy the same rights and access to basic services as citizens living in their host communities.
3. **Employment conditions:** Access to economic opportunity for refugees is rooted in support for and removing barriers to a refugee's right to work or own a business.

ROI is an ongoing effort which, when complete, will provide much needed clarity and transparency for comparing various refugee-hosting countries, their right to work and freedom of movement policies, and the actual experiences of these policies on the ground. In the meantime, deeper inquiries, in the form of market assessments like this one, are required to provide accurate understandings of localized economic rights and conditions for refugees.

The work that follows maintains that efforts to respond to market and policy barriers that impinge on refugee rights to social and economic inclusion and/or integration are best organized around high-impact models of investing in refugees. Ideally, investors can seek to address identified barriers to investing in refugee-supporting ventures by designing targeted investment vehicles that respond to key refugee and host community pain points and shortcomings. These vehicles should be built around existing models of business and investment into displaced and hosting communities, that is, where interventions can leverage ongoing socio-economic development efforts and partnerships.

Business models that are already well-positioned to have impact on refugees are structured around an intentional (or lens) impact investing approach (e.g., Climate, or Gender Lens Investing). Refugee Lens Investing (RLI), as defined by RIN, presents the best framework and thus entry point for investment. A straight-forward taxonomy, represented by the R1 – R6 of the refugee investing lens or framework follows:

R1 Investments: Refugee-owned businesses, with at least 51% ownership or with at least 1 refugee playing a key operational role;

R2 Investments: Refugee-led enterprises having at least 1 refugee in senior management or with refugee representation on the board;

R3 Investments: Refugee-supporting ventures that intentionally provide goods, services or employ refugees;

R4 Investments: Refugee-supporting, Host-weighted activities that intentionally provide goods, services or employ host community members;

R5 Investments: Refugee lending facilities that provide debt or alternative financing to R1 - R4 enterprises;

R6 Investments: Refugee funds that provide equity to R1 - R4 enterprises;

RLI investing approaches capital across the continuum of returns (from grants to commercial investment), can be deployed at any level of a market ecosystem (from micro enterprise to SMEs to large firms and infrastructure projects), and can be deployed at three intersection points related to human movement:

- 1) Resilience: reducing the risk of displacement or addressing root causes;
- 2) Response: investments that improve humanitarian response capacity and innovation during

- emergencies and crisis and;
- 3) Recovery: investments that support economic inclusion or integration which is most relevant in the context of protracted displacement and recovery from crises¹³.

Taken together, this Refugee Investing Lens provides a helpful and high-impact tool for impact investing that aims to help mobilize capital into refugee investments.¹⁴

In practice, what does this look like? Gomex is a grocery store chain founded by Bosnian refugee Goran Kovacevic. In 2007, Kovacevic was operating 16 stores and had 306 employees. Through a refugee lens investment from the Small Enterprise Assistance Fund (SEAF), Goran was able to expand to over 150 stores throughout Serbia, with nearly 1,000 employees. In this example, Gomex would be classified as an R1 investment, receiving financing from SEAF, which the RIN would classify as an R6 investment. Since Kovacevic established Gomex after his displacement, the RIN would characterize this refugee lens investment as advancing “Recovery” or economic inclusion.

Impact Investing

Impact Investing is a term used to describe investments that are made to create measurable and beneficial social impact alongside a financial return on the investment. According to the Global Impact Investing Network (GIIN), the global market size for impact investing was estimated at USD 715 billion at the end of 2019.¹⁵

A report by the U.K. Department for International Development (now called “FCDO”), the GIIN and Open Capital Advisors in 2015 revealed that nearly \$10 billion in impact-investment funds had flowed into East Africa at that time.¹⁶ And while Kenya may be the primary focus for impact investing in the region, there has been a growing number of impact investment deals in Uganda.¹⁷ Natasha Watts and Ivan R. Scales argue that the rapid growth in impact investing in the region is largely driven by a shift towards more private-sector-led growth.¹⁸ This is good news for investors and proponents of refugee self-reliance through RLI.

Conversely, the MENA region has not attracted as much interest from impact investing capital: Less than 5 % of impact investing capital globally is allocated to MENA countries. This is largely due to the perception that needs are more acute in lower income countries in the global south. While this remains a challenge for the MENA region, particularly for countries facing large scale youth unemployment and escalating water and energy constraints, increased interest from the investment community in markets affected by significant displacement crises offers a promising pathway to unlock impact focused capital to help MENA countries address economic challenges and progress towards the Sustainable Development Goals.

¹³ Earth Security Group, “Financing Durable Solutions for Refugees and Forcibly Displaced People,” Earth Security Partnerships. London, September 2020.

¹⁴ For the purposes of this document, we will employ the RIN definition of “Refugee”: Inclusive of those forcibly displaced across international borders, asylum seekers and people internally displaced (IDPs) by violence, persecution, climate change, and natural disaster. See: RIN, “Paradigm Shift.” 2018.

¹⁵ Global Impact Investing Network’s (GIIN), “Annual Impact Investor Surveys.” 2020.

¹⁶ The Global Impact Investing Network and Open Capital Advisors, “The Landscape for Impact Investing in East Africa.” 2015.

¹⁷ Jamie Van Leeuwen and Michael Feinberg. “Impact Investing in Africa: A Case Study on East Africa.” 2018.

¹⁸ Natasha Watts and Ivan R. Scales, “Social impact investing, agriculture, and the financialization of development: Insights from sub-Saharan Africa.” 2020.

JICA objectives of study:

Through focusing on two countries/areas under this survey – Jordan and Uganda – JICA would like to:

- i. identify the critical enablers of refugee-related business and investment in some specific contexts,
- ii. clarify necessary platforms and/or support in more detail which would be essential for refugee-related business and investment to attain sustainability, impact and scale, and
- iii. prepare and provide investment information for the private sector doing refugee-related business in the survey-target areas.

Key questions to answer:

1. What are the common characteristics of successful and unsuccessful refugee-related business and investment in survey-target countries?

2. Are there any platforms and/or support that development partners or other key stakeholders have provided for successful refugee-related business and investment mentioned in 1?

Survey-target countries:

Uganda and Jordan were selected as target countries based on a comparative review of various inclusive investment dynamics including the policy environment and history relating to refugee economic inclusion, capacity for commerce and likelihood of interest from refugee lens investors, national stability, JICA presence and prioritization, and the respective regions' demand and diversity as represented by the two target countries.

In this survey, there is a clear differentiation between the *de jure* or "in accordance with the law," and the *de facto* or "actual" policy practices in both countries. Uganda is one of a handful of countries worldwide in which a constitutional right exists for refugees to work and own land. While Jordan is not the most inclusive or progressive environment for refugees in any single policy area, it is the most balanced environment in the Middle East among the countries considered for this survey. Jordan also plays a fundamentally important role in regional stability and, while it may not be perfect from a refugee right-to-work perspective, there are reasons to believe that a new, innovative approach to refugee inclusion – one that directly supports the Jordanian economy – be received locally and internationally with interest. Conversely, without a clear roadmap for inclusive investment, opportunities for refugee economic inclusion and (thus shifting the nature of refugee hosting in Jordan from one of burden to one of net benefit) will be nearly impossible.

Methods

Local teams and partners in both countries, with deep experience and local networks in the related fields, were used to collect salient information from key sources and stakeholders on the ground for this report's completion.

In Uganda, Open Capital Partners (OCA) was selected in a competitive process as the on-the-ground enterprise to help with the collection and analysis of data. Together, RIN and OCA thus conducted extensive research including both primary and secondary data collection involving a robust review of literature, dozens of background interviews and focused interviews across key identified groups, field visits, meetings and workshops. Simultaneously, RIN routinely conveyed the team's findings and assessed priorities with JICA colleagues, adjusting its research approach and priorities to match those of JICA. Systems-of-systems methods were employed to assess Uganda's *de jure* vs. *de facto* policy environment as well as its market and social conditions. Accordingly, the team completed a thorough "inclusive

investing” market assessment identifying both social and economic barriers, as well as an exhaustive analysis of the manifold refugee self-reliance initiatives underway in Uganda. Ultimately, this approach proved to be extremely flexible and well-suited to comprehensively address the complex and dynamic subject matter, and to overcome the data collection challenges presented by the pandemic.

In Jordan, the RIN deployed an interdisciplinary team with global expertise in refugee policy, international impact investing, and a deep understanding of local market issues, communities, and ongoing regulatory reform efforts. We partnered with Amman-based development consultancy Expectation State which recently conducted a study for USAID on impact investing in Jordan. Similar to the Uganda effort, RIN conducted a thorough literature review placing the survey in the context of Jordan and the region. Primary and secondary data collection and analysis was conducted using a snowball sampling method and utilized a system-of-systems approach, mapping the needs and experiences of displaced communities within Jordan, the policy environment related to economic inclusion, and the RLI entrepreneurial and investment ecosystem including over 200 potential RLI enterprises and funds. In sum, RIN’s team conducted over 100 interviews across distinct stakeholder groups across the ecosystem and developed several research products for JICA through this eight month survey: a Jordan context literature review, a deep analysis on refugee communities, a policy paper, and an analysis of the investment pipeline and RLI “use cases.” The final report sections for Jordan draw heavily from these survey components.

About RIN

The Refugee Investment Network (RIN) is the first impact investing and blended finance collaborative dedicated to creating long-term solutions to global forced migration. The RIN is a specialized investment intermediary that facilitates the movement of capital from commitment to active investment by sourcing, structuring, and supporting the financing of projects and companies that benefit refugees forcibly-displaced and host communities. Ultimately, RIN aims to bridge the gap between the untapped investment potential of refugee entrepreneurs and refugee-supporting businesses and capital markets to spur economic growth, create jobs, and increase socio-economic stability among forcibly-displaced people. RIN is a US-based non-profit, 501(C)(3). Among its many activities, RIN acts as a forum in which people may discuss and educate themselves on commercial aspects involving refugees. RIN, therefore, is not a venture fund, an investment bank, a broker/dealer, an investment clearing-house or an investment advisor.

Moreover, RIN is the global leader in building the field of Refugee Lens Investing (RLI), working closely with the private sector, the humanitarian and development communities, including: the Inter-American Development Bank; IFC; UNHCR; Global Steering Group on Impact Investing, and numerous NGOs and locally-based civil society members. RIN’s recent and current ecosystem- building activities and research have focused on mapping the RLI context in Jordan and Uganda (supported by this survey), Kenya and Ethiopia (supported by the Swiss Development Corporation and The Ikea Foundation) and Colombia (supported by the Fundación Santo Domingo). The experience and comparative knowledge gleaned from these and other engagements in the field, along with RIN’s network of “interested capital partners” make RIN extremely well positioned to support this vital and timely effort.

2. Uganda: Executive Summary

In the Greater Horn of Africa a series of destabilizing social and climatic shocks are causing the forced displacement of millions of people. Despite being home to four of the world's top-ten growing economies

in 2020, today the region is characterized by widespread socio-economic disparity and growing hardships. The profoundly negative social and economic effects of the Covid-19 epidemic; the recent outbreak of violent conflict in Ethiopia; and persistent droughts, floods, famine and locust infestation have further exacerbated complex dilemmas tied to the long-term forced displacement of people across the region necessitating a new and transformational approach to long-term humanitarian and development assistance centered on refugee self-reliance and durable engagement with the private sector.

Within Uganda's long, and complex history of forced displacement lies a paradox: The GoU and its international partners and Ugandan hosts and refugees are faced with a daunting set of challenges to promote self-reliance and inclusive development for the nation's 1.5M refugees. Yet, Uganda's deep experience and familiarity with displacement, her culture of accepting refugees with an "open-door", make Uganda a relative fortress of pro-refugee policy and a high-potential market for innovative finance aimed at self-reliance and social and economic integration.

The nuanced policy and market assessment that follows, however, identifies a number of existing shortcomings that present barriers to the successful establishment of refugee self-reliance programs in Uganda. This analysis thus shines a light on the advantages present in the Ugandan market that should be leveraged to help unlock the promising opportunities for building durable solutions stemming from RLI in Uganda.

Market barriers to refugee investing include both market dynamics that limit refugees' abilities to access financing, employment opportunities, basic services in pursuit of a higher quality of life, and that present challenges to potential investors and other support actors to intervene effectively. These include limited access to: training and business opportunities; finance; basic services (e.g., education and healthcare); low social integration; poor design of livelihood interventions; and, the continued impact of the Covid-19 pandemic.

Moreover, a number of **policy barriers** further inhibit refugee self-reliance including difficulty in accessing documentation; unclear and restrictive refugee livelihood policies; limiting resettlement and repatriation policies; and, an unclear plan to end statelessness. The reports' identification of both market and policy barriers to refugee self-reliance is followed by a rich set of recommendations to help overcome the roadblocks to refugee investing.

Indeed, these recommendations highlight the potential that RLI has as a response to the manifold social and economic barriers confronting refugees in Uganda through the identification and assessment of high-potential business models. Accordingly, an analysis of nine sectors of the Ugandan economy follows. The findings suggest the establishment of priority RLI-business models: Adding Value to Products (e.g., both across the value chain and within it); Increasing Access to Larger Markets and Brands (e.g., marketing distribution and sale of RLI products) provides a promising path toward RLI in Uganda.

The second part of the survey turns to the plethora of refugee self-reliance initiatives and high-potential partnerships that JICA could leverage while going forward with an RLI initiative. Indeed, this survey argues that creating partnerships with various stakeholders is critical to the success of various refugee self-reliance initiatives. Yet, the findings also point to the dearth of intercourse between these initiatives. Thus, to catalyze RLI and take advantage of potential synergies in refugee self-reliance initiatives, an inventory and assessment of initiatives profiles their various strengths, goals and appropriateness for collaboration with JICA.

The survey argues that select development partners like JICA can work together to support the integration of the private sector into refugee initiatives by working with both the government and the private sector through various practical means like RLI. Working with the government and private sector partners can also help strengthen and enforce existing refugee rights and policies and lead to the improvement of badly needed infrastructure in settlements and host communities.

The survey concludes with a comparative analysis of the various self-reliance initiatives for refugees in Uganda further yields a short-list of potential candidates for partnership. As chapter 6 illustrates, a number of significant partnership opportunities fit JICA's preferred way forward. **Cities Alliance's** work in Arua and in other Ugandan "secondary cities," helping provincial government officials work with urban refugee and hosting populations seems to be a natural fit. So too is continued engagement with RIN and the **RIN/Acumen** "RLI in the Greater Horn of Africa" project. Other initiatives, especially those focused on the extension of investment capital, e.g., funds, seems to be of secondary importance/interest for JICA at this time. However, other initiatives, like the IRC/Ikea Foundation **RE:BUILD** project in Kampala (and Nairobi) present interesting opportunities for technical assistance, private sector engagement and, BDS training. It also presents an opportunity to pilot work with JICA colleagues in Kenya on the same urban-refugee initiative. Kiva's **KRIF**, aimed at refugee-led MSMEs through microfinance institutions, presents an interesting and low-cost/low-risk way to engage in the critical "access to finance" space with excellent partners while linking the engagement with other JICA initiatives, like NUFLIP.

3. Uganda: Context

Steps in the Survey Process

The research process was kicked-off in **May** 2021 with a comprehensive review of literature (both scholarly and project reports) that undergirds this chapter and places the survey firmly in both its African and regional context. This desktop research focused on Uganda's long and complex history of hosting large populations of refugees and the policies that stemmed from this experience telling the story of refugee flows, demographics, settlements and the evolution of the policies that affected refugees and sometimes their hosts across Uganda's colonial and independent eras including through multiple regimes.

By **July** of last year, RIN's research focused on business and investment market analysis, including impact investing trends in Uganda and the subsequent assessment of barriers to social and economic integration for refugees in Uganda. Combined with the earlier work, the Uganda research team produced an interim report in **August**, using feedback from the JICA team to help direct the second half of the project. Based on RIN's preliminary findings and JICA's feedback, the research proceeded to do a deep-dive on other related refugee self-reliance initiatives in Uganda in addition to surveying and mapping of the RLI landscape.

Covid-delayed fieldwork kicked-off in **September** and was followed up by a second fieldwork trip in **November** when secondary research was supported by a host of targeted interviews with refugee-led organizations, entrepreneurs, a settlement visit, meetings with government and humanitarian representatives as well as members from the private sector. A workshop featuring OPM provided an occasion to share both the concept of RLI as a tool to support refugee self-reliance in Uganda as well as report findings. Throughout this period RIN's Core Team, including Tim Docking and (consultant) Tracy Musiimenta worked closely with local management consulting firm, OCA to identify RLI candidates, conduct interviews and build an RLI pipeline. In **December** and **January** OCA created its priority business model methodology and investment thesis and to develop sophisticated risk-mitigating mechanisms reflected in the "access to finance" work that follows. Most recently, in **February**, the team focused on verifying and synthesizing data, and writing-up its findings and conclusions.

Regional Context: Refugees in sub-Saharan Africa

Sub-Saharan Africa is home to over one-third of the world's forcibly-displacement people.¹⁹ That number has soared in recent years, partly due to ongoing crises in the DRC, Nigeria, Mali, Somalia, and South Sudan. New violent conflicts have erupted in Ethiopia, Mozambique, and across the Sahel in Burkina Faso, and Niger, further widening and deepening the displacement crisis in Africa. Indeed, at least 37 of Africa's 55 countries are affected by the ongoing forced-displacement crisis.²⁰ In addition to armed conflict, displacement in Africa has been caused by natural disasters, disputes over natural resources including access to water and land disputes. Recognizing the full scale of the forced displacement crisis, the African Union declared 2019 *The Year of Refugees, Returnees and Internally Displaced Persons*, and called for *Durable Solutions to Forced Displacement* (a subject that will be examined more closely in the context of the present survey).

Indeed, given the scale of the refugee crisis in Africa, humanitarian actors, acting alone and through traditional responses, are unable to address the challenge: While humanitarian assistance is vital and

¹⁹ Internal Displacement Monitoring Center, "Africa Report on Internal Displacement." 2019.

²⁰ Ibid.

often lifesaving, it is neither adequate nor sustainable for the region's millions of IDPs, refugees, asylum seekers and people displaced by climate change (henceforth collectively referred to as "forcibly displaced" people or "refugees"). Globally, the gap between humanitarian needs and funding made available is increasing. In 2020, the UN estimated that 168 million people needed humanitarian aid.²¹

In the Greater Horn of Africa a series of destabilizing social and climatic shocks are causing the forced displacement of millions of people. Despite being home to four of the world's top-ten growing economies in 2020, today the region is characterized by widespread socio-economic disparity and growing hardships.²² The profoundly negative social and economic effects of the Covid-19 epidemic; the recent outbreak of violent conflict in Ethiopia and Mozambique; and persistent droughts, floods, famine and locust infestation have further exacerbated complex dilemmas tied to the long-term forced displacement of people across the region necessitating a new and transformational approach to long-term humanitarian and development assistance centered on refugee self-reliance and durable engagement with the private sector.

Uganda's (Long) History & Policy of Hosting Refugees²³

Thousands of Europeans displaced by the Second World War were settled in the Ugandan Protectorate during British colonial rule. Polish refugees hosted at Nyabyeya in Masindi district and Koja in Mukono district in the early 1940s marked the beginning of the refugee presence in Uganda. These migrants were eventually placed in the UK, Australia, and Canada; however, Uganda's strategic commitment to addressing the refugee problem soon afterwards took shape, where in 1955, the country took in approximately 78,000 Sudanese refugees fleeing civil conflict.

In the subsequent years, until the late 1960s, the country saw new waves of refugees, mainly from Congo and Rwanda into Western Uganda.²⁴ This marked the creation of the first and oldest government-run refugee settlement, Nakivale settlement, in the Southwestern district of Isingiro. They were followed by other Africans, displaced by unrest from various neighboring territories, often as a result of independence struggles.²⁵ In the 1950s, Sudanese sought refuge in Uganda from a violent South Sudanese (Anyanya) independence movement; similarly, pro-independence Mau Mau rebels fled into northern Uganda to escape persecution by the British colonial government in Kenya; and, Tutsi fled to southwestern Uganda in the late 50s and early 60s to escape political turmoil and violence in Rwanda.²⁶

The post-independence Control of Alien Refugees Act (CARA) of 1960 represented a restrictive policy to address forced displacement in Uganda that was based on control rather than protection and granted authorities wide discretionary authority.²⁷ When thousands of Tutsi refugees from Rwanda fled into Uganda in the early 1960s, they were constrained in settlements, a move designed to limit Tutsi political

²¹ UNFPA, "Humanitarian Action 2020 Overview," 2020.

²² The recent violent conflict in Ethiopia and continued hardships there continue to displace over a million Ethiopians.

²³ The following deep-dive into the history and present-day context of Ugandan refugee policy, business and investment climate, the socio-economic impact of Covid-19, and survey of current refugee livelihood initiatives was based upon an expansive review of literature with sources selected according to theme with emphasis placed on capturing the most recent work in this dynamic field.

²⁴ International Refugee Rights Initiative, "Uganda's refugee policies: The history, the politics, the way forward." 2018. <https://reliefweb.int/sites/reliefweb.int/files/resources/IRRI-Uganda-policy-paper-October-2018-Paper.pdf>

²⁵ Frank Ahimbisibwe. "Uganda and the Refugee Problem: Challenges and Opportunities," Institute of Development Working Papers, University of Antwerp. P. 7. May 2018.

²⁶ Ibid.

²⁷ Lucy Hovil, et. al. "Uganda's refugee policies: The history, the politics, the way forward." A Rights in Exile Policy Paper, p. 4. October 2018.

aims in Uganda while stressing economic development and self-sufficiency.²⁸ Similarly, growing numbers of Sudanese fleeing war in southern Sudan in the 1960s were confined to settlements in the north, primarily in the West Nile region of Uganda.

The overthrow of independence leader, President Milton Obote by Idi Amin in 1971 and the subsequent Uganda-Tanzania War, led to the displacement of large numbers of Ugandans internally, and into surrounding countries throughout the decade. Amin's overthrow in 1979, Obote's return to power (1980 - 85), and the subsequent Ugandan civil war, 1980 - 86, further destabilized the country and its population and led to the eventual ascendance to power by Uganda's current President Yoweri Museveni in 1986.

For the first twenty-five years of Uganda's post-independence history refugee policy could thus be characterized by: government-controlled settings or *settlements* along border regions in northern (West Nile) Uganda, and in the southwest (Isingiro) of the country. A policy of self-reliance for refugees, established during the colonial era, was continued by Uganda's independent government and broadly exists today. So too was the practice of instrumentalizing refugee populations for local political means, and rent-seeking purposes within the international community.

Specifically, the key political legacies associated with refugee policy from this period are two-fold. First, the Ugandan settlements model was scaled up from the early 1980s, not as a progressive step, but based on Obote's concern to exert control over Rwandan refugees, who could not be returned but were seen as a threat to his regime. Second, from 1983, West Nile emerged as strategically significant within Ugandan politics. Its indelible association with being Amin's support base, and the site of ethnic cleansing by Obote, showed that any subsequent head of state would need to retain authority within a potentially volatile region. Furthermore, the creation of a large-scale humanitarian operation focused on both returnees and refugees in West Nile offered a renewed opportunity to attract resources from the international community.²⁹

Domestic violent conflict continued in Uganda under Museveni's rule causing the further displacement of Ugandans. Most notably, Joseph Kony's Lord's Resistance Army (LRA) rebels kidnapped, terrorized and murdered Ugandans in the northern districts of Uganda for nearly 20 years.³⁰ With on-going violent conflict on both sides of the Ugandan/Sudanese border, Northern Uganda saw wave after wave of forced displacement throughout the 1990s and 2000s.

In Southwestern Uganda, thousands of Rwandan refugees joined forces with Museveni's National Resistance Army (NRA) during the 1980s civil war. And with the outbreak of civil war in neighboring Rwanda in 1990, these forces, under Museveni, formed the Rwanda Patriotic Front (RPF) led by the current Rwandan President, Paul Kagame. The Rwandan genocide of 1994 once again produced the massive forced displacement of Rwandans across the region including into Uganda.

Insecurity across Uganda persisted during the 1990s. According to the US Committee for Refugee and Immigrants (USCRI), by the end of 1998, Uganda was host to approximately 185,000 refugees, including 170,000 from Sudan; 7,000 from Rwanda; 6,000 from Congo-Kinshasa; and 2,000 from Somalia. An estimated 12,000 Ugandans were refugees outside their country, while approximately 400,000 were

²⁸ Ibid., and, K. Long, "Rwanda's First Refugees: Tutsi Exile and International Response 1959–64," *Journal of Eastern African Studies*, 6 (2): 220-21. 2012.

²⁹ Alexander Betts, "Refugees and patronage: a political history of Uganda's 'progressive' refugee policies." DOI. 2021. [10.1093/afraf/adab012](https://doi.org/10.1093/afraf/adab012)

³⁰ Hovil, 2018, Ibid., p. 5.

internally displaced by armed insurgencies, in the north by the LRA (300,000), and the southwest by the Alliance for Democratic Forces (100,000).

In 1999, the UNHCR and the GoU put in place a four-year “Self-Reliance Strategy.”³¹ The strategy highlighted a vision, “To find durable solutions to refugee problems by addressing refugee issues within the broad framework of government policy, and to promote self-reliance and local integration of refugees through promoting social development initiatives in hosting areas.”³² The policy’s key elements included:

- Allocation of land to refugees in designated “settlements” (for both homestead and agricultural purposes), to enable refugees to become self-sufficient in food production;
- Relatively free access of refugees (registered or “self-settled”)³³ to education, health and other facilities built by the government;
- Openness and generosity of local communities – related to the fact that many Ugandans had been refugees or internally displaced at one time, and due to the strong cultural and ethnic affinities between Ugandans and many of the refugees – which has been a major factor in facilitating refugee integration into Ugandan society.³⁴

The SRS went on to suggest that given Uganda’s long history of receiving refugees, the concept of self-reliance and integration of refugees has long been a potentially viable option in Uganda – predating the SRS. As Hovil points out, the SRS further intended to integrate services provided to refugees into existing health and education frameworks to the ultimate benefit of both hosting national communities and refugees.

In practice, however, the policy came up far short of its goals: It allocated small parcels of land to refugees to farm - insufficient to meet farming needs - while gradually weaning them from food rations over a four-year period. It also required refugees to remain in settlements, thus separating them from markets and other aspects of Uganda’s economy. Host communities too, who often acted as “first-line humanitarians” for local refugees, failed to receive any benefit stemming from the creation and maintenance of the settlements. Together, both groups were largely left impoverished.³⁵

SRS was followed in 2003 by the Development Assistance for Refugees for Uganda SRS (or, DAR).³⁶ The plan primarily set out to achieve the same goals as the SRS but to avoid its failures, especially seeking to strengthen the capacity of both refugees and host communities. However, the DAR accomplished little, primarily by failing to deliver assistance to refugees who exited the settlements to look for economic opportunities in cities, thus forfeiting benefits and policy protections provided to settlement dwellers.³⁷

Politics and Uganda’s Refugee Act of 2006

A great deal of attention has been given to Uganda’s 2006 Refugee Act. Indeed, a bright light has been shown on the act as scholars and policy makers alike have both heralded its content, and criticized its

³¹ Government of Uganda and UNHCR, “Self-Reliance Strategy: (1999-2003) For Refugee Hosting Areas in Moyo, Arua and Adjumani Districts, Uganda,” Report of Mid-Term Review. 2004.

³² Ibid., p. v.

³³ While “registered” refers to refugees living in designated settlements, “self-settled” refers to the practice of living outside of settlements, usually in or around cities.

³⁴ GoU and UNHCR, Ibid. 2004.

³⁵ Hovil, 2018, Ibid., p. 6.

³⁶ UNHCR, “Development Assistance for Refugees (DAR) for Uganda Self-Reliance Strategy: Way Forward.” September 2003. See: <https://www.unhcr.org/41c6a19b4.pdf>

³⁷ Hovil, 2018, Ibid., p. 7.

implementation. Indeed, seen by many as a model refugee policy, Uganda's response to massive numbers of refugees and IDPs has received a great deal of attention by the international community. Most consequently, however, under Uganda's 2006 "open-door policy" the country has become home to approximately 1.5 million refugees today. And with the act's emphasis on local integration and repatriation, the current policy is dominated by a humanitarian paradigm which emphasizes social welfare.³⁸

A 2016 World Bank assessment of Uganda's open-door policy confirmed it to be a "progressive approach" to refugee management, and mentions the "many impressive aspects" of the policy, including its openness to asylum seekers, irrespective of nationality or ethnic affiliation.³⁹ The granting of relative freedom of movement, and the right to seek employment, the provision of *prima facie* asylum for refugees, as well as a parcel of land to each refugee family for their own agricultural use are also commonly highlighted as strengths of the 2006 act.⁴⁰

A brief summary of the act indeed presents a seemingly enlightened policy:

1. The right to own and dispose of movable property and to lease or sublease immoveable property;
2. The right to engage in agriculture, industry, and business; to practice one's profession; and to access formal and informal employment opportunities;
3. The right to economic, social, and cultural benefits, including access to elementary education, protection of intellectual property rights (e.g., copyright protection for musicians and artists), and the issuance of a United Nations convention travel document for the purpose of travel outside of Uganda;
4. Entitlement to receive fair and just treatment, without discrimination;
5. The right to seek asylum and not be refouled;
6. The freedom of movement, subject to "reasonable restrictions" on the grounds of national security or public order;
7. The right of freedom of association, although this is limited to nonpolitical associations, nonprofit associations, and trade unions;
8. The principle of family unity;
9. East African Community nationals as asylum seekers are entitled to all the rights and privileges normally enjoyed by other EAC citizens as conferred by the EAC treaty of cooperation and its protocols;
10. Refugees are registered and provided identification and travel documents.

In many ways, the exceptional freedoms afforded refugees in Uganda were arrived at unwittingly and as a product of illiberal politics and motives.⁴¹ Uganda's self-reliance model can be traced back to its colonial origins yet has played a consistent and convenient function in both Ugandan politics and international relations, according legitimacy to Uganda's political leaders for generations. It has further afforded politicians patronage networks and allowed them to assert authority over important refugee-hosting regions of the country.

³⁸ Anna Feins, "A Comparative Case Study of American and Ugandan Refugee Policies." 2017

³⁹ World Bank Group, "An Assessment of Uganda's Progressive Approach to Refugee Management. World Bank, Washington, DC. 2016 <https://openknowledge.worldbank.org/handle/10986/24736>

⁴⁰ Ibid.

⁴¹ Alexander Betts, "Refugees and patronage: a political history of Uganda's 'progressive refugee policies.'" DOI. 2021 10.1091/afraf/adab012

As Betts notes:

“The post-colonial structure of the Ugandan state and the relationship between Buganda and the country’s other historical kingdoms partly explain the importance of patronage for building political authority within key strategic hinterlands. However, it further demonstrates the role of liberal internationalism within patronage politics the international refugee system has not only reinforced and abetted patronage, but has actually depended upon it as the basis for its most progressive example of African state compliance with liberal internationalist ideals...The refugee context reveals patronage as not simply a dysfunctional outcome of large amounts of money and limited accountability, but as the outcome of strategic interdependence between international, national, and local level actors... Comparative analysis suggests that these findings are not unique to the Ugandan context.”^{42, 43}

Regardless of the politics behind Uganda’s present policy toward refugees, it presents an excellent and permissive environment for innovative financial solutions aimed at mobilizing private sector capital toward the outcome of refugee and host community self-reliance. Indeed, beyond a critique of the 2006 Act, a number of studies have chosen a more pragmatic approach to the analysis of the Act.

In one study, comparative analysis of neighboring Kenya identifies four major advantages to Uganda’s regulatory framework and refugee self-reliance model.⁴⁴ Uganda’s policy affords refugees greater mobility, lower transaction costs for economic activity, higher incomes and more sustainable sources of employment than in Kenya. The same report however also shines a light on the practical deficiencies of the act including the insufficient allocation of land to refugees in Uganda’s rural settlements for self-reliance; inadequate access to education; and the plight of Uganda’s urban refugees caused by weak assistance programs. Notwithstanding its limits and faults, Uganda’s “open door” policy holds strong promise for RLI as a new strategy that will spur economic growth and socio-economic integration.

Today, Uganda ranks among the top three refugee hosting countries in the world, and is the leading refugee hosting country in Africa.⁴⁵ Over 1.5 million refugees are spread out in a dozen national *settlements*; rural communities and peri-urban settings in the capital, Kampala; and in smaller cities across the country.⁴⁶

⁴² Ibid.

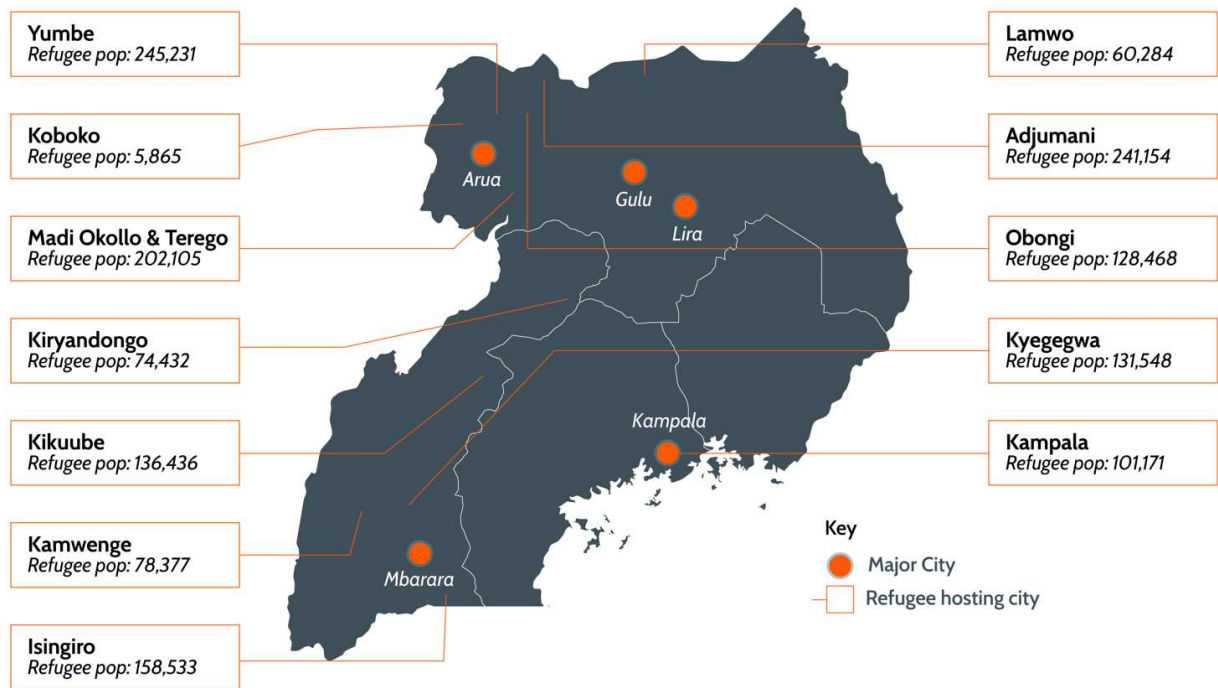
⁴³ Also on the politics surrounding Uganda’s refugee policy see: Jjemba, J. R. 2012. The politics of refugee policies in Kenya and Uganda. Naval Postgraduate School. <https://apps.dtic.mil/sti/citations/AD1060074>, and Bohnet, H., and Schmitz-Pranghe, C. 2019. Uganda: a role model for refugee integration? Bonn International Center for Conversion (BICC) Working Paper, 2. 2019. <https://nbn-resolving.org/urn:nbn:de:0168-ssaoar-62871-2>

⁴⁴ Alexander Betts, Imane Chaara, Naohiko Omata, Olivier Sterck, “Research in Brief: Uganda’s Self-Reliance Model: Does it Work?” Refugee Studies Centre. 2019. <https://www.rsc.ox.ac.uk/publications/research-in-brief-ugandas-self-reliance-model-does-it-work>

⁴⁵ See: UNHCR and UNCDF, “Financial Inclusion of Forcibly Displaced People and Host Communities.”

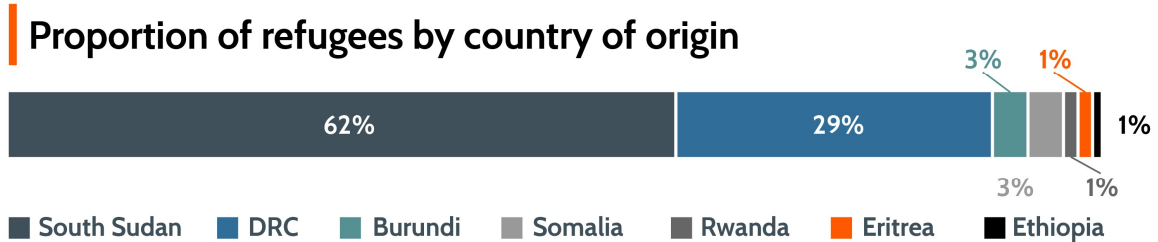
⁴⁶ See: “UNHCR Comprehensive Refugee Response Portal.” <https://data2.unhcr.org/en/country/uga>

Ugandan Refugee Settlements and Major Hosting Cities



Source: UNHCR, November 2021, *Uganda Comprehensive Refugee Response Portal*⁴⁷

The persistent and extremely high number of refugees in Uganda is thus a result of protracted civil wars in neighboring countries as well as Uganda's open door policy. The breakdown of the refugee population is represented on the following page:



Source: UNHCR, *Uganda Comprehensive Refugee Response Portal*⁴⁸

Questions surround the breakdown of rural and urban refugees:

According to UNHCR, 94% of refugees in Uganda are rural-based settlements, and represent the ethnic composition at a national level with over 50% residing in the northern, West Nile Region, over 25% living in Southwest region that covers Nakivale, Kyangwali, Kyaka II, with approximately 6% living in Kampala.⁴⁹

⁴⁷ <https://data2.unhcr.org/en/country/uga>

⁴⁸ Ibid.

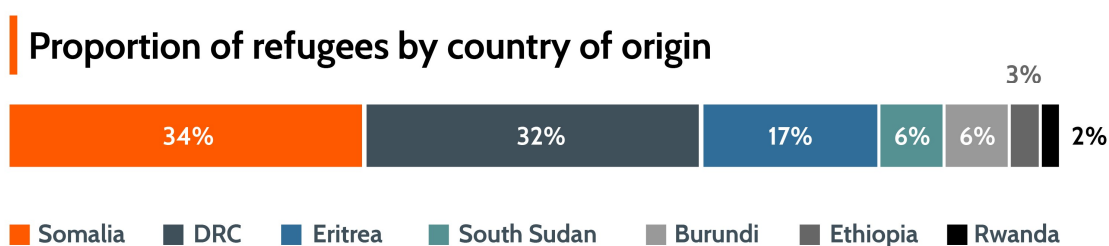
⁴⁹ See: UNHCR, "Uganda Comprehensive Refugee Response Portal."

However, the urban/rural breakdown of refugees in Uganda is unclear. Numerous studies, and recent fieldwork highlight the limitations of some UNHCR data, centering on the lack of enumeration for out-of-settlement, or “self-settling” urban refugees in Uganda. Indeed, some sources estimate that up to 60% of refugees live in urban areas instead of settlements.⁵⁰ Indeed, the data disparity is crucial to understanding and designing strong and comprehensive refugee livelihood programs.

Some of the discrepancies in data are described by the various legal and logistical explanations listed below:

- Registration centers: Kampala is the only city in Uganda where refugees can formally register. Other cities such as Arua and Gulu do not have registration centers and as such the refugees settled in these cities are not included in Uganda’s urban refugee statistics. These statistics also fail to capture data on the tens of thousands of refugees that have chosen to move out of settlements, where they may have registered, and into urban environments. The data also do not account for refugees who migrate in a circular fashion within Uganda - into and out of - settlements according to their social needs and economic opportunities. While the application process can take up to two years in some instances to complete, once registered, refugees can reside permanently in Uganda.⁵¹
- Refugee policy: Refugees are entitled to free movement in Uganda. While some refugees register in settlements and reside there, others register in settlements but commute to work in the city, Others choose to relocate to cities and thereby not being enumerated;⁵²
- Unregistered refugees: Some refugees enter Uganda through border crossing points with the assistance of relatives or friends, settling in settlements or cities among people from their own ethnic group. Their numbers are unknown and they often receive no assistance.⁵³

The data that do exist for the capital city suggests the refugee demographic breakdown in Kampala tilts heavily towards Somalis and Congolese:⁵⁴



Source: UNHCR (October 2020), *Uganda – Refugee Statistics– Kampala*⁵⁵

⁵⁰ Cities Alliance, “Regional network and dialogue: Drawing attention to refugees residing in cities and their host communities.” March 2021. <https://www.citiesalliance.org/resources/publications/cities-alliance-knowledge/horn-africa-supporting-urban-refugees-and-host>

⁵¹ UNHCR, “Uganda – Refugee Statistics– Kampala.” October 2020. <https://data2.unhcr.org/en/documents/details/82794>

⁵² Cities Alliance, Ibid., 2021.

⁵³ VNG, “Survey Highlights on Self-Settled Refugees in Koboko Municipal Council Empowering Refugee Hosting Districts in Uganda: Making the Nexus Work.” 2018. <https://www.vng-international.nl/wp-content/uploads/2018/12/NEXUS-Summary-Self-settled-refugees-Koboko-MC-nov-2018.pdf>

⁵⁴ UNHCR, Ibid., October 2020.

⁵⁵ <https://data2.unhcr.org/en/documents/details/82794>

Clearly, for any livelihood interventions to accelerate investment in Uganda's refugees, it is important for businesses and the public sector alike to accommodate and intentionally include the hundreds of thousands of urban refugees settled in the capital and in secondary cities across the country.

Uganda's recent business environment

According to the World Bank's *Doing Business* index, in 2020 Uganda ranked 116th out of 190 economies in *ease of doing business*. A breakdown of the data reveal that Uganda ranked 169th for ease of starting a business, 168th for getting electricity, 80th for getting credit and 77th for enforcing contracts. In their 2019 work, Struwig, Krüger and Nuwagaba investigate the influence of the business environment on the growth of informal businesses in Uganda, where most refugee-led, and host-led, small and medium-sized enterprises exist today.⁵⁶ The results of the study suggest that there is a negative and significant relationship between the two factors, i.e., that a negative external environment inhibits the growth of these businesses and the formalization of the economy in Uganda.

A 2020 report by the World Bank argues that Uganda needs a more conducive business environment to attract more Foreign Direct Investment like it's neighbor Rwanda.⁵⁷ The World Bank further notes that supporting local businesses through access to finance, modern technology, skills and market information is key to easing the business environment, one that must accommodate one of the world's fastest growing workforces. Indeed, the report states, "With almost three quarters of young people still joining the workforce on farms, Uganda's economic transformation into off-farm waged jobs in urban areas must be hastened for faster economic growth." It further argues for the creation of more waged jobs, thus encouraging mobility into urban areas and fostering inclusion.⁵⁸

Lakuma, Marty and Muhumuza's work, "Financial inclusion and micro, small, and medium enterprises (MSMEs) growth in Uganda," looked at data on 762 firms across Uganda to assess the effects of business environment, with a particular interest on the impact of finance on firm growth by focusing on differences across firm size. The results suggest that MSMEs in Uganda benefit more from financial access than large firms.⁵⁹ The paper concludes that these findings suggest that MSMEs are more credit constrained relative to large firms. The authors also suggest that while informality and a poor regulatory environment may help divert economic activity from large firms to MSMEs, it also increases the vulnerability of MSMEs to corruption.

The policy implication on size, efficiency, and dynamism of the business sector in Uganda is that there is a need to increase financial inclusion, access to credit and the formalization of MSMEs to build the viability and growth of Uganda's economy.

Yet these findings are not unique to Uganda. Legas Habtamu's comparative study of entrepreneurial ecosystems in sub-Saharan Africa identifies the critical challenges entrepreneurs in SSA frequently face starting an enterprise. Drawing on statistics from a host of African economic surveys, the author concludes that entrepreneurs in SSA typically experience tight laws and regulations, poor infrastructure and financial

⁵⁶ F. Struwig, Krüger, J. & Nuwagaba G. "The influence of the business environment on the growth of informal businesses in Uganda." The Southern African Journal of Entrepreneurship and Small Business Management. 2019. <https://sajesbm.co.za/index.php/sajesbm/article/view/200>

⁵⁷ The World Bank, "Uganda: Jobs Strategy for inclusive growth." 2020. <https://openknowledge.worldbank.org/handle/10986/33342>

⁵⁸ Ibid.

⁵⁹ C.P. Lakuma, Marty, R. and Muhumuza, F. "Financial inclusion and micro, small, and medium enterprises (MSMEs) growth in Uganda. Journal of Innovation and Entrepreneurship 8:15. 2019. <https://doi.org/10.1186/s13731-019-0110-2>

services. They also lack entrepreneurial training and small market sizes that challenge their viability and growth.⁶⁰

The lack of access to finance, however, is perhaps most widely cited as a critical factor that constrains SME growth in Africa.⁶¹ Using data from more than 56,000 enterprises in 90 countries, Reyes found that small firms benefit most from access to finance, particularly for sources of finance associated with investment and growth.⁶² In Uganda, these findings are supported by Mawejje and Sebudde's study, in particular, with binding constraints to economic growth consisting of Uganda's macroeconomic and demand instability, limited access to finance, prominence of corruption, and agriculture-affecting weather variability.⁶³

The literature, however, is replete with policy prescriptions to create a more favorable business environment in both Africa and Uganda. The World Bank examines the role of city government in aiding refugees and calls for broad reform and a transition from "refugulators to enablers" of economic development, through investing in transport, strengthening land use management, and through training, skills and the extension of business services in Kampala.⁶⁴ Mayanja and Perks cite a number of policy actions that should be aimed at improving Uganda's business environment including maintaining macroeconomic stability, providing innovative financing solutions, curtailing corruption, skilling and supporting firms market access.⁶⁵ Ugandan tax rates are also called out by Ishengoma and Kappel as a constraint on the growth of potential micro and small businesses along with limited access to productive resources and general lack of market access.⁶⁶

Uganda's business environment suffered perhaps its most serious blow in recent years in 2020 due to the Covid-19 pandemic. One report, based on a survey of firms using the Economic Policy Research Centre's Business Climate Index (BCI) indicated that small and medium businesses have experienced the largest effects of the Covid-19 pandemic compared to large scale businesses due to their inability to cope with

⁶⁰ Habtamu Legas, "Challenges to entrepreneurial success in sub-Saharan Africa: A comparative perspective." *European Journal of Business and Management*, Vol.7, No.11, 2015. Also see: E. Bah and L. Fang, "Impact of the business environment on output and productivity in Africa." Working Paper, No. 2011-14, Federal Reserve Bank of Atlanta. 2015. <https://www.econstor.eu/bitstream/10419/70630/1/678760853.pdf>
<https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.734.9593&rep=rep1&type=pdf>

⁶¹ Fowowe Babajide, "Access to finance and firm performance: Evidence from African countries." *Review of Development Finance*. 2017. And, Aterido Reyes., Hallward-Driemeier, M. and Pages C. "Big Constraints to Small Firms' Growth? Business Environment and Employment Growth across Firms." Policy Research working paper; no. WPS 5032. 2009. And, World Bank, Vijaya Ramachandran, Gelb, A., and Shah, K. M. "Africa's Private Sector: What's Wrong with the Business Environment and What to Do About It." Center for Global Development. 2009. <https://www.cgdev.org/publication/africas-private-sector-whats-wrong-business-environment-and-what-do-about-it-brief>
<https://openknowledge.worldbank.org/handle/10986/4224>

⁶² Reyes, Ibid.

⁶³ J. Mawejje, and Sebudde, K. R., "Constraints or Complaints? Business Climate and Firm Performance Perceptions in Uganda." *The Journal of Development Studies* 55(12):2513-25. 2019. <http://hdl.handle.net/10986/32600>

⁶⁴ World Bank, "From Regulators to Enablers: Role of City Governments in Economic Development of Greater Kampala." World Bank, Washington, DC. 2017. <https://openknowledge.worldbank.org/handle/10986/28459>

⁶⁵ Mayanja, J. and Perks S., "Business environment factors influencing ethical business conduct of small and medium-size businesses in Uganda." *Sabinet African Journals*. 2017. <https://hdl.handle.net/10520/EJC-ad47300fa>

⁶⁶ E. Ishengoma and Kappel R., "Business Environment and Growth Potential of Micro and Small Manufacturing Enterprises in Uganda." *African Development Review*. 23. 352 - 365. 2011. https://www.researchgate.net/publication/227698138_Business_Environment_and_Growth_Potential_of_Micro_and_Small_Manufacturing_Enterprises_in_Uganda. See also: Mawejje, J. and Okumu, I. 2016. Tax Evasion and the Business Environment in Uganda. *South African Journal of Economics*. 84. 10.1111/saje.12132. <http://www.gdn.int/admin/uploads/editor/files/Parallel%20Session%201%20-%20Joseph.pdf>

containment measures instituted by the government. Indeed, nine out of ten businesses report experiencing an increase in operating expenses due to preventive measures to curb the spread of the virus. Agriculture enterprises have been the worst hit due to challenges of accessing inputs arising from transport restrictions and the ban on weekly markets. The results of the survey further indicated that the majority of micro and small businesses would exit business in 1 - 3 months if the lockdown continued, and over 75 % of employees projected to lose their jobs permanently are from the service sector, mostly from Kampala.⁶⁷

Hartwig and Lakemann point to the deleterious effects Covid-19 has had on informal and woman-owned businesses in Uganda.⁶⁸ And a Uganda's Private Sector Foundation (PSFU) analysis of the Covid-19 impact on business climate concluded 94 % of survey respondents cited negative impacts of the pandemic while a majority of businesses had seen a reduction in jobs.⁶⁹

Uganda's recent *investment* climate

Like Africa's *business* environment, its *investment* climate has been the subject of significant analysis and calls for reform. And while some studies, Manuel (2015), have failed to find causal links between national investment climates and growth in Africa, World Bank research (Bridgman and Aref, 2015) has supported the conclusion that in sub-Saharan Africa, countries that have embraced business reform have also attracted domestic and foreign investment and achieved steady growth.⁷⁰ Indeed, they argue that efforts at reform have a demonstration effect in Africa, causing neighboring countries to embark on similar reform programs. They found that when this occurs in SSA, and when red tape is cut for SMEs and governments establish legal, regulatory and procedural frameworks that encourage entrepreneurs to take risks, investments have risen and businesses increasingly make longer-term bets.⁷¹

In a now dated study (2009), the World Bank points to the important linkage between investment climate and the development of human and physical capital, noting that firms will only undertake the latter under a favorable climate.⁷² A 2020 study by the U.S. Department of State, Bureau of African Affairs on Uganda's investment climate found numerous opportunities and challenges.⁷³ With a market economy, ideal climate, ample arable land, young and largely English-speaking population, and at least 1.4B barrels of recoverable oil, the report argues that Uganda offers numerous opportunities for investors. Liberal trade and foreign

⁶⁷ P.C. Lakuma, et al. "How has the COVID-19 pandemic impacted Ugandan businesses? Results from a business climate survey." 2020.

<http://library.health.go.ug/publications/disease-surveillance-outbreaks/how-has-covid-19-pandemic-impacted-ugandan-businesses>

⁶⁸ R. Hartwig and Lakemann, T., "When the Going gets Tough: Effects of the COVID-19 Pandemic on Informal Entrepreneurs in Uganda. German Institute for Global and Area Studies." 2020.

https://assets.ctfassets.net/jlhjubhhjuo/11nyGsMe8Bg6Gf7qY1kaYN/ddd2b2e64c6c7b903d06383672f1d343/Study_When_the_Going_Gets_Tough.pdf

⁶⁹ Private Sector Foundation Uganda (PSFU), "The COVID-19 Pandemic: PSFU business analysis on the impact of the pandemic on businesses in Uganda." 2020. <https://www.psfuganda.org/psf-media-centre/105-press-release-psfu-barometer-covid19-impact-on-businesses-in-uganda/file.html>

⁷⁰ C. Manuel, "Is there a causal link between investment climate and growth? A review of the evidence." DFID Legal Assistance for Economic Reform Programme. 2015. <https://assets.publishing.service.gov.uk/media/591b040aed915d20f800000c/laser-evidence-paper-the-link-between-ic-reform-a.pdf>.

⁷¹ D. Bridgman and Aref, A., "Investment Climate in Africa. Viewpoint note no, 346; World Bank, Washington, DC. 2015.

<https://openknowledge.worldbank.org/handle/10986/23484>

⁷² World Bank, "An Assessment of the Investment Climate in Uganda. World Bank, Washington, DC. 2009.

<https://openknowledge.worldbank.org/handle/10986/12249>

⁷³ U.S. Department of State: Bureau of African Affairs, "2020 Investment Climate Statements: Uganda." 2020.

<https://www.state.gov/reports/2020-investment-climate-statements/uganda/>

exchange regimes and construction and manufacturing led foreign direct investment (increasing 80% to USD 1.75 billion FY 2018/2019) presented investors in Uganda with an interesting market. With strong recent GDP growth (6.5% FY 2018/2019 and projected 5.5 - 6% growth FY 2019/2020) prospects looked good. While the impact of the Covid-19 pandemic and associated economic lockdowns combined to damage Uganda's investment climate, the report still calls out Uganda's power, agricultural, construction, infrastructure, technology, and healthcare sectors as important opportunities for U.S. business and investment.⁷⁴

While President Yoweri Museveni and government officials vocally welcome foreign investment in Uganda, the government's actions sometimes do not support its rhetoric. The US State Department report thus points out that Uganda's poor economic management, endemic corruption, growing sovereign debt, weak rule of law, and the government's failure to invest adequately in the health and education sectors all create risks for investors. Further impediments for investment by U.S. and other foreign direct investments may also include competition with third country firms that cut costs and win contracts by disregarding environmental regulations and labor rights, dodging taxes, and bribing officials. Shortages of skilled labor and a complicated land tenure system also impede investment.

Impact investing trends in Uganda

Development Finance Institutions (DFIs) have been, and will continue to be, a key source of impact-oriented funds going being invested into Ugandan infrastructure projects, other funds, and directly to companies.⁷⁵ Crowdfunding platforms are gaining popularity and increasingly becoming a key source of impact capital across the continent with some directed at Ugandan entrepreneurs or businesses like Chuffed.com, KIVA, seedrs, and bettervest.⁷⁶ Impact-focused venture capital and private funds also remain key sources of early and mid-stage financing along with other non-DFI's such as commercial banks.

Impact funding is typically disbursed in the form of equity, debt, quasi equity / debt, convertibles, and grants. In Uganda, non-DFI impact investors typically invest into early-stage businesses that are relatively well organized and have achieved some traction to date, and unable to access financing from traditional financing institutions owing to their strict requirements or because traditional financing sources can be expensive. Non-DFI investments have focused primarily on agriculture and financial services, covering both urban and rural settings, while DFI investments have focused on the energy and financial services sectors.^{77, 78}

Impact funding in Uganda is provided to companies to cover a range of activities and costs such as working capital costs, inventory, moving from pilot to full scale, and expanding product lines and operations. Increased DFI efforts have often been aimed at providing technical assistance to prepare businesses for investment.

⁷⁴ Ibid.

⁷⁵ Global Impact Investment Network, "The Landscape for Impact Investing in East Africa." August 2015. [https://thegiin.org/assets/161025_GIIN_EastAfrica_FULL_REPORT%20\(002\).pdf](https://thegiin.org/assets/161025_GIIN_EastAfrica_FULL_REPORT%20(002).pdf)

⁷⁶ OCA analysis

⁷⁷ Ibid.

⁷⁸ Joseph Kibombo and Josephine, Mapping Uganda's Social Impact Investment Landscape, PLUG series, (Kampala: KONRAD and ACTADE) 2019.

<https://www.kas.de/documents/280229/0/Mapping+Uganda%27s+Corporate+Social+Impact+Investment+Landscape.pdf/dba690ed-2ac2-66f3-64e1-1dd8f2a170be?t=1593000619459>

Impact investment in Uganda by the numbers: According a 2015 Global Impact Investing Network (GIIN) report:

- Excluding DFI activity, there have been at least 139 impact deals in Uganda, resulting in more than USD 300 million disbursed, more than 20% of all investment activity in East Africa overall;
- There are ~119 impact capital vehicles, managed by ~82 non-DFI impact investors, active in Uganda, with at least USD ~54 million committed to Uganda.
- Deals > USD 1 million constitute approximately 50% of non-DFI impact investor capital disbursement.

The continued effects of Covid-19 on the Ugandan economy

The Covid pandemic continues to have a decidedly negative, though at times, mixed, impact in Africa.⁷⁹ Over the course of 2020, Uganda, and six other African countries held off the effects of Covid-19 so successfully, according to Bloomberg, their economies ranked among the 10 fastest growing in 2020 (others included Egypt, Ethiopia, Ghana, Kenya, Ivory Coast and Rwanda). The late-arriving virus along with the region's increasing transition to technology-driven commerce, youthful population, and booming commodity prices helped buoy economies including Uganda's.

As 2021 unfolded however, it became clear that the impact of the global pandemic would have a profound impact and exact a heavy toll on Uganda's fragile economy.⁸⁰ Lockdowns, nighttime curfews and school closures stretched into early 2022 further curtailing economic activity at all levels of Ugandan society contributing to: delayed payments; low local purchasing power; a depreciation of the shilling; poor skills development and labor productivity, among other deleterious effects.⁸¹

Conclusion

Within Uganda's long, complex – and tragic – history of forced displacement, lies a paradox: The GoU and its international partners and Ugandan hosts and refugees, are faced with a daunting set of challenges to promote self-reliance and inclusive development for the nation's 1.5 million refugees. Yet, Uganda's deep experience and familiarity with displacement, her culture of accepting refugees with an "open-door", and the strong patronage systems that have undergirded the creation and stability of the current legal regime, make Uganda a relative fortress of pro-refugee policy and a high-potential market for innovative finance and RLI.

The nuanced policy and market assessment that follows will serve to help identify existing shortcomings in the respective systems that present barriers to the successful establishment of RLI in Uganda. The analysis will also shine a light on the advantages present in the Ugandan market – notwithstanding the manifold business/investment challenges identified above – that should be leveraged to help unlock the promising opportunities for building durable solutions stemming from RLI in Uganda.

⁷⁹ Matthew A. Winkler, Bloomberg Opinion, "Coronavirus is Helping African Countries Compete: Remote commerce was part of a boom before Covid-19. Now that's tending to limit Damage," November 25, 2020.

<https://www.bloomberg.com/opinion/articles/2020-11-25/coronavirus-is-helping-african-economies-compete>

And, Nevanwita Sachdev, The Sociable, "Investors know refugees 'can be incredible entrepreneurs, build fantastic businesses'," August 5, 2019. <https://sociable.co/business/investors-know-refugees-can-be-incredible-entrepreneurs-build-fantastic-businesses/>

⁸⁰ Lakuma, 2020, Ibid.

⁸¹ PSFU, Ibid.

4. Uganda: Assessment of Market & Policy Barriers

Refugee communities in Uganda remain one of the most underinvested groups in the world, but investors are slowly realizing their economic potential. The large investment gap in displaced areas stems from a view of refugees as aid-dependent and a societal burden, a common point of view in hosting countries globally however one that fails to speak to the potential for refugee communities to be entrepreneurial and investable. In recent years however, as evidenced by market building efforts such as the RE:BUILD initiative, a 5-year, \$30 million partnership between the International Rescue Committee (IRC) and the Ikea Foundation⁸²; the PROSPECTS project by the International Finance Corporation (IFC) and other partners⁸³; and, various efforts under the Smart Communities Coalition (SCC)⁸⁴, sector practitioners have sought to shift this narrative and deploy targeted forms of investment into refugee communities. To do so, an understanding of the refugee market and policy environment is key.⁸⁵ [These and other refugee self-reliance initiatives will be discussed in-depth in chapter 6]

In Uganda, the refugee population is large and diverse and related policies are relatively favorable; however, investors must contend with a number of barriers in order to design responsive solutions. At the market-level, the commercial environment can appear unfavorable for investment, with high unemployment rates, low-income levels, low levels of education and skills, lack of investment in basic public services such as healthcare and connectivity, and limited social integration of refugees into host communities. Similarly, at the policy level, investors encounter gaps between a receptive and progressive policy on paper and the on-the-ground practices around implementation and enforcement of regulations that often restrict refugees' capacity to freely engage in the local economy.

Investors and support actors can implement targeted interventions and advocacy efforts in response to these barriers, coordinating with relevant players in the market. To address many of the market barriers, substantially greater private sector engagement is required to open up refugee settlements to businesses that can drive a free and competitive market, thus improving service access and quality, creating jobs and skills, and increasing the overall market valuation of these communities. On the policy side, active discourse with relevant government offices and with well-positioned sector practitioners is needed to implement recommended changes to regulatory frameworks and language, and ultimately lift economic constraints off refugee groups.

This chapter assessment on market and policy barriers to refugees and RLI seeks to: 1. Highlight Market and Policy barriers to refugee investing; 2. Present recommendations for stakeholder intervention to overcome barriers to refugee investing (especially with regards to Access to Finance), and; 3. Present market actors and potential partners that could streamline refugee investing efforts. The chapter thus aims to inform both policy makers and interested capital partners as well as support future research, analysis, and design efforts to develop specific investment vehicles and theses for refugee and host communities across Uganda.

⁸² IRC, "IKEA Foundation awards €30 million grant to the IRC to support refugee livelihoods in East Africa," <https://www.rescue.org/press-release/ikea-foundation-awards-eu30-million-grant-international-rescue-committee-support>

⁸³ ILO, "Partnership for improving Prospects for host communities and forcibly displaced persons," https://www.ilo.org/global/programmes-and-projects/prospects/WCMS_725066/lang--en/index.htm

⁸⁴ Mastercard, "Enabling public-private collaboration to empower the forcibly displaced and their host communities," <https://www.mastercard.us/en-us/business/governments/find-solutions/smart-communities.html>

⁸⁵ HPG, "Reducing the Humanitarian Financing Gap," https://cdn.odi.org/media/documents/Reducing_the_humanitarian_financing_gap_WEB.pdf

Market barriers to refugee investing

Market barriers to refugee investing include market dynamics that limit refugees' abilities to access financing, employment opportunities, and basic services in pursuit of a higher quality of life, and that present challenges to potential investors and other support actors to intervene effectively. Refugees in Uganda are granted many civil freedoms, including the freedom to fully participate in the local economy as employees and business owners. However, they often face several challenges on the ground that severely limit their ability to access these opportunities and can encounter difficulties socially integrating into local workspaces and marketplaces, limiting their capacity to positively contribute to the socioeconomic development of the community.

I. Limited access to employment, training, and business opportunities

Refugee communities report very high levels of unemployment – up to 70% – especially among youth, with employment options often limited to low-wage, informal work. In the Kyaka II, Nakivale, and Kyangwali settlements, youth unemployment rates (18 - 30 years) stand at 74%, 65%, and 50%, respectively,⁸⁶ a rate at least four times the national average of 13% for Ugandan youth.⁸⁷ Refugees that find employment are absorbed primarily into lower-skilled, informal work such as small-scale farming (mostly in rural parts) and various types of micro-enterprise. In vying for the same employment opportunities as members of the host community, refugees are at a significant disadvantage due to challenges with assimilation, access to documentation, and language barriers – points that will be discussed later in this chapter.

Unemployment rates are largely linked to the fact that refugees are most likely to be hosted in chronically poor and underdeveloped host communities with limited economic opportunities or access to services. Settlements are often located near remote and underdeveloped villages that happen to be in proximity to reception points along the border where refugees first arrive and request refuge. In Kampala, the fast pace of urbanization is pushing the urban poor into informal settlements and slums such as Katwe, Kinawataka, Namuwongo, Katanga, and Wabigalo, where urban-based refugees are also likely to reside. Such informal settlements are heavily disadvantaged with very low-quality housing, a shortage or complete absence of public infrastructure, such as piped water, and environmental hazards like flooding as most of these areas are located in valleys and lack proper drainage systems. Refugees residing in these areas often take up informal roles as domestic workers, in factories, and small-scale retail.⁸⁸

Even where opportunities are available – whether for employment, business, or training – refugees struggle to access the required documentation. All formal work and most informal jobs require government-issued documentation to allow employers to verify an individual's identity. Starting a business requires registration and licensing that also hinges on verification procedures by local regulators. Similarly, schools and training institutions, especially at higher levels, often require evidence of past accreditation before admission, documents that many refugees fleeing armed conflict are unable to secure. Past consultations with refugees under RLOs in Kampala such as the Bondeko Livelihood Center

⁸⁶ Office of the Prime Minister, "Uganda settlements - Refugee and Asylum seekers," March 2021.

⁸⁷ The Palladium Group, "Youth unemployment in Uganda has been misdiagnosed." 2020.

<https://thepalladiumgroup.com/news/Youth-Unemployment-in-Uganda-Has-Been-Misdiagnosed->

⁸⁸ AGORA, "Understanding the needs of urban refugees and host communities residing in vulnerable neighborhoods of Kampala." 2018. OCA consultations.

and YARID point to the difficulty refugees face in accessing education opportunities or getting their previous accreditation validated by public educational boards and agencies.⁸⁹

For many refugees, education trajectories are halted or severely disrupted, limiting their ability to develop competitive and marketable skills. Most refugees are children and youth, with an average 40% of the refugee population in any given settlement being between the ages of 5 and 17.⁹⁰ The disruption caused to their education during forced displacement sets refugees back academically and professionally. For many refugees to be gainfully employed or self-employed, a substantial investment in training is required. Some refugees successfully transfer previous skill sets such as foreign language skills, tailoring, and hair styling into self-employment opportunities and have over time created a strong ethnic presence in these trades, e.g., Congolese refugees in tailoring and hair styling, Burundian refugees in French language training, and Somali refugees in the distribution of fast-moving consumer goods (FMCG).⁹¹ However, refugees are still presented with steep barriers to entry such as accreditation requirements to go into language teaching and highly competitive business segments like salons, which are dominated by Ugandans and difficult to scale.

Women are often faced with the double responsibility of household provision and home and childcare but lack the necessary resources to manage across these roles. A further disaggregation of refugee household data show that a larger percentage of households are female-led, for example, 62% of refugee households in the West Nile Region, compared to 33.3% of female-led host community (Ugandan) households.⁹² This is due to the fact that the majority of survivors of armed conflict are women and children and that during resettlement, refugee men are often relied upon to find work outside of the settlement setting to support the family. However, due to limited employment opportunities, female refugees are often forced to pair their domestic and childcare responsibilities with work. Many women opt to start home-based businesses such as tailoring, hair braiding, and cooking and baking, relying on the immediate host community for market. However, refugee women report challenges accessing capital to start and/or sustain the business, and accessing markets – customers and suppliers, often seeing meager returns on their investments.

II. Limited access to finance

Lending requirements of financial service providers present a number of barriers for refugees to access credit. In addition to basic documentation, most lenders require borrowers to put up security against loans, list referees, and give evidence of a consistent source of income. Refugees often lack many of these requirements, having small social networks outside their refugee circles and taking up unreliable forms of informal work. Refugees' inability or hesitancy to take up credit is reflected in the data. Over 90% of traders in the Kyangwali and Kyaka II settlements report using personal savings as the main capital source for their businesses compared to only 19% that use some form of credit.⁹³

The market lacks a common set of standards to screen refugee borrowers and assess their creditworthiness. Requirements to open an account vary from bank to bank, depending largely on the institution's risk tolerance for lending to vulnerable groups like refugees. Some banks strictly require a

⁸⁹ OCA consultations with Bondeko Livelihoods Center and YARID, February 2020.

⁹⁰ UNHCR refugee settlement factsheets, <https://data2.unhcr.org/en/country/uga>, and OCA consultations.

⁹¹ Ibid.

⁹² World Bank, "Informing the Refugee Policy Response in Uganda." p. 29. 2018.

⁹³ UNHCR, "Nakivale market needs assessment." November 2019. <https://reliefweb.int/report/uganda/vena-vulnerability-and-essential-needs-assessment-market-analysis-november-2019-6>

passport or national ID, while others can accept the refugee ID and/or a letter of attestation from Office of the Prime Minister (OPM).⁹⁴

Many lenders harbor a perception of refugees as high-risk borrowers for fears of default, cost of service, and institutional liability. For some lenders, the refugee situation is associated with a nomadic lifestyle and therefore connotes a flight risk. Such concerns are compounded by the absence of a government-backed, know-your-customer (KYC) mechanism that allows banks and credited financial institutions to verify refugee identification documents quickly and automatically, similar to the National Identification and Registration Authority (NIRA) system for Ugandan nationals. Verification processes are manual and lengthy, with long wait times to get additional documents and authorization from the OPM.⁹⁵ The cost of expanding to rural settlements is another deterrent for lenders, given the underdeveloped infrastructure such as roads, water, electricity, and mobile networks, lower mobile penetration that limits more convenient mobile banking services, and the cost of deploying loan officers to market services, reach clients, and track loans across long distances. Finally, a refugee's country of origin may present a key impediment to a lender approving credit. Some refugees hail from countries that have anti-terrorism and anti-money laundering sanctions imposed on them. Financial institutions therefore are obligated to conduct additional investigations to ensure funds will not be used to financing illegal activity.

Without options to meet working capital or personal finance needs, refugees become severely constrained in their personal and business development capacity. In Nakivale settlement, and similarly across other settlements, the business registration cost is USD 1.4 (~ UGX 5,000) and an annual cost of USD 5.6 (UGX 20,000) for the business license.⁹⁶ These amounts can be quite high for refugees that are still largely dependent on sources of aid, e.g., direct cash assistance. Additionally, the business environment becomes limited to those entities that can meet the most immediate community needs, e.g., food and household necessities – businesses are largely agricultural micro-enterprises.

III. Limited access to basic services

Refugee settlements often comprise poor public infrastructure including roads, schools, health facilities, piped water, electricity, sanitary facilities, and protection/policing, which significantly limits the economic productivity of refugees and their communities.

a. Education

Settlement-based schools are overcrowded and underfunded, and girls are seeing lower enrolment rates. Public school infrastructure and capacity in settlements has failed to keep up with the fast-growing population of school-aged children. For example, in Kyangwali settlement, the average students to classroom ratio sits at 200:1 while in Nakivale settlement it is 169:1.^{97,98} Limited investment in education also translates into fewer training opportunities for teachers and therefore a lower quality of academic instruction. Investment in educational facilities across settlements also widely varies, for example, Nakivale settlement has over 40 primary schools and a similar number of early childhood and

⁹⁴ COVID-19 and refugees' economic opportunities, financial services, and digital inclusion,

<https://www.rescue.org/report/covid-19-and-refugees-economic-opportunities-financial-services-and-digital-inclusion>

⁹⁵ UNHCR, "Uganda Country assessment on affordable and accessible remittances for forcibly displaced persons and host communities." <https://data2.unhcr.org/en/documents/details/77383>

⁹⁶ OCA consultations.

⁹⁷ CITYOA, "Refugee Education," <https://www.coburwas.org/education>

⁹⁸ UNHCR, "Education Fact Sheet: Southwest Uganda," 2014.

development facilities, while Kyangwali settlement has about 15 primary schools and less than 5 lower-level establishments. Some settlements are therefore better positioned to see better community engagement and socioeconomic development outcomes in the next 10 - 20 years. However, enrolment of girls is generally lower across settlements due to early marriages or other risks of gender-based violence going to and from school.

b. Healthcare

Health facilities are in shortage, understaffed, located far away, and often of poor quality. Most refugees harbor a strong preference for healthcare services offered through NGOs. Humanitarian actors like UNHCR and UNICEF offer medical services largely free of charge via medical booths and clinics set up at various points in settlements.⁹⁹ Government health facilities are established across local administrative levels as health centers II (villages), III (parishes), and IV (counties and sub-counties) levels and district or referral hospitals, although some settlements e.g., Nakivale, have no hospitals at all.¹⁰⁰ Public facilities often face acute shortages of drugs and have long waiting times as facilities operate beyond capacity, with health workers averaging 50 consultations a day and limited availability of emergency vehicles like ambulances (1 ambulance per ~26,000 refugees on average).¹⁰¹ Additionally, many facilities are located far away – over an hour’s walk – typically located within or closer to the host communities,¹⁰² which for refugees battling illnesses can be completely inaccessible. Insurance services are also few or non-existent due to associated costs for providers and documentation challenges for refugees.¹⁰³

c. Housing

There is a large gap between the housing needs of refugee settlements and the resources invested in development, which speaks to the disconnect between the country's resettlement strategy and the protracted nature of refugee immigration. Refugees sometimes come into the country expecting opportunities to live freely, particularly in Kampala, and therefore opt for the temporary and free housing options offered by humanitarian organizations. Thus, while many refugees own their homes in settlements, only a few invest in improved housing within settlements and where most refugees remain encamped for several years. Indeed, OPM/UNHCR does not allow refugees to build burnt brick homes in settlements.¹⁰⁴ Even in urban areas, refugees struggle to make long-term investments in housing. In Kampala, only 1% of refugee households are owned by the household head; 99% of tenure arrangements are rented properties.¹⁰⁵ Additionally, 23% of refugee households in Kampala reported shelter damage, with the majority (75%) unable to conduct repairs due to financial constraints.¹⁰⁶

⁹⁹ Ministry of Health, Uganda, Health Sector Integrated Refugee Response Plan: Nakivale profile.
<https://www.health.go.ug/cause/health-sector-integrated-refugee-response-plan/>

¹⁰⁰ Ibid.

¹⁰¹ Ibid.

¹⁰² OCA consultations

¹⁰³ Ibid.

¹⁰⁴ IFC, “Consumer and Market Study in Southwest and West Nile Refugee-Hosting Areas in Uganda.” December 2021.

<https://reliefweb.int/sites/reliefweb.int/files/resources/IFC%2BUganda%2BConsumer%2Band%2BMarket%2BReport%2BConfere.pdf>

¹⁰⁵ REACH, “Refugee Access to Livelihoods and Housing, Land, and Property.” 2019.

¹⁰⁶ Ibid.

d. Energy

Refugee households and businesses remain heavily reliant on fossil-fuel sources of energy, with low penetration of on-grid electricity. The grid-connected supply of electricity in most settlements is either lacking or has a small reach, connecting primarily to key points of administration and humanitarian service delivery. This leaves most refugee households dependent on traditional sources of energy, like firewood and charcoal. In the Nakivale, Kyangwali, and Kyaka II settlements, household energy expenditure makes up an average 40% of monthly income, with money spent primarily on firewood, as well as charcoal and kerosene to a lesser degree.¹⁰⁷ These energy options are costly both in the time spent searching for firewood and in the long-term cost to household savings but are also detrimental to refugee health and the surrounding environment.¹⁰⁸ Uptake of alternative energy assets such as solar systems is growing, with penetration at an average 23% across the three settlements listed previously. However, the associated cost remains prohibitive for many households and businesses. Monthly repayments for a pay-as-you-go solar system for only lighting and charging uses ranges between USD 6 – 15.¹⁰⁹ Refugee households can set up standalone diesel generators at significantly lower total costs and even commercialize them by distributing electricity to neighbors for a negotiated monthly fee.¹¹⁰ Other key drivers of slow uptake include the lack of adequate infrastructure to install larger solar systems, as many refugee households are semi-permanent structures, and a lack of consumer awareness and interest in renewable and productive forms of energy.¹¹¹

e. Connectivity and access to technology

While there has been increasing penetration of connectivity and phone services into refugee settlements, internet data services and smartphone products remain costly. Most settlements are covered by at least one tower set up by telecom companies like MTN or Airtel, and many refugees own smartphones that offer off-line access to data and transfer modes, usually via USSD. For example, in Nakivale, while 93.4% of refugees have phone access, only 25.6% can access a smartphone.¹¹² The lowest cost of a smartphone, USD 60 - 80, is still far out of reach for many refugees.¹¹³ The weekly internet data cost of USD 2.50 is also high for many, limiting access to online markets and content. Additionally, connectivity is poor, often limited to a 3G network with no coverage beyond the radius of the tower, e.g., in Nakivale settlement, one cell phone tower serves a total settlement population of ~140,000, leaving about 11% of the settlement uncovered.

IV. Low social integration

Language barriers can create additional hurdles in assimilation and limit awareness of and ability to leverage opportunities. This phenomenon is particularly acute when non-English speaking refugees settle in settlements or rural/urban communities where their languages are foreign. The primary languages spoken within refugee communities in Uganda are French (Congo, Rwanda, Burundi), Arabic (South Sudan and Somalia), and Amharic / Tigrinya (Ethiopia and Eritrea), none of which are among the chief dialects in

¹⁰⁷ GIZ, “The State of Sustainable Household Energy Access in Refugee Settings in Uganda.”

¹⁰⁸ Women’s Refugee Commission, MacArthur Foundation, “Safe Access to Fuel and Energy (SAFE) in Nakivale, Uganda.” 2014.

¹⁰⁹ GSMA, “Mobile-enabled energy for humanitarian contexts.” 2019. https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2019/02/Mobile_Enabled_Energy_M4H.pdf

¹¹⁰ Energy4Impact, “The Energy Situation in Refugee Camps.” <https://energy4impact.org/file/1708/download?token=fgwNxpKh>

¹¹¹ OCA consultations

¹¹² Samuel Hall, “Innovating mobile solutions for refugees in East Africa.” 2018.

¹¹³ Ibid.

Uganda although Congolese, Rwandan and South Sudanese refugees who settled in border regions adjacent to their home countries often share common linguistic and cultural similarities with their Ugandan hosts, thus facilitating social integration.¹¹⁴ Notwithstanding these examples, many refugees in Uganda have difficulty communicating with members of the host community, which limits their ability to access information and opportunities, chances for social networking, and overall assimilation. In settlements, humanitarian actors may also fail to cater to the spoken language of each refugee group, rendering ineffective training programs and skills transfer programs and sometimes inadvertently favoring one group over another due to language usage.¹¹⁵

Local perception of refugee issues can waver between indifference and hostility, with refugees sometimes experiencing discrimination and lack of fair access to opportunities. Outside of the relatively small community of actors working to support refugees, the local perception of refugees within the broader Ugandan community is twofold. Many locals, particularly those living outside of host communities and who have little interaction with them, remain uninformed about the general refugee situation and the refugee's plight. For the proportion of Ugandans that shares space with refugees, competition for resources and opportunities can become a source of tension. Land in particular is one of the biggest drivers of conflicts between refugee and host communities due to matters of communal ownership of land and the lack of appropriate legal representation for refugees.¹¹⁶ The lack of awareness of the challenges that refugees face or the animosity felt towards the group can translate into discriminatory practices in the form of steeper housing and service rates, especially in urban areas, lower community protection and unfair policing in cases of violence towards them, and a general negative sentiments and prejudice.¹¹⁷ All these problems are compounded by the language barriers and limited social networks that refugees face.

V. Poor design of interventions

A lack of market coordination between actors sees similar interventions operating in parallel with frequent duplication of efforts. In Kampala for example, a centralized mapping effort to profile and track urban refugees is missing. The market relies on data from UNHCR, which monitors total city numbers and disaggregates at a high level, e.g., ethnicity and sex, but that has potential to give more insight at the individual, business, and household levels. NGOs and other development projects can often work in isolation without adequate engagement of the private sector.¹¹⁸

Few interventions provide avenues for refugees to meaningfully engage in solutions design. The market continues to see NGOs and development actors as the primary thought and action leaders in addressing refugee issues. One consequence of this gap is that many interventions are heavy on research and informing the market and light on implementation. Greater refugee involvement allows recommendations to be grounded in reality and a more likely to be more actionable and impactful. Even the government

¹¹⁴ UNHCR, "Bidibidi Political Economy Conflict Analysis." October 2018. <https://data2.unhcr.org/en/documents/details/66344>

¹¹⁵ "Uganda Country Refugee Response Plan." 2019. <https://reporting.unhcr.org/sites/default/files/Uganda%20Country%20RRP%202019-20%2028January%202019%29.pdf>

¹¹⁶ UNHCR, "Assessing the Needs of Refugees for Financial and Non-Financial Services – Uganda." July 2018. <https://www.unhcr.org/5bd01fab4.pdf>

¹¹⁷ Women's Refugee Commission, "Mean Streets: Identifying and Responding to Urban Refugees' Risks of Gender-Based Violence." February 2016. https://reliefweb.int/sites/reliefweb.int/files/resources/Mean-Streets-Urban-Refugees-GBV_0.pdf

¹¹⁸ "Refugee and host population empowerment strategic framework – Uganda." June 2017. <https://www.google.com/url?q=https://data2.unhcr.org/en/documents/download/64166&sa=D&source=docs&ust=1644958881210989&usg=AOvVawOVCKrPfzWBJB0QaW80SwNv>

struggles to establish effective mechanisms to co-develop solutions with refugees. For example, the Comprehensive Refugee Response Framework (CRRF) has two elected refugee representatives - one male and one female - on its steering committee, which advises on the policy framework and on implementation of CRRF initiatives such as the Jobs and Livelihoods Response Plan.¹¹⁹ However, with an estimated 1.5. million refugees in the country¹²⁰ of highly diverse composition and background, the community remains highly underrepresented with only two representatives.

VI. Negative effect of COVID-19

The Covid-19 lockdowns and related government restrictions on mobility and commerce have significantly limited refugee and host community access to income, food, and basic services. Key measures instituted included mandated curfew hours of 7:00pm – 6:00am, suspension of public transportation services, which many refugees rely on to get to work and access services, and closure of several public places of trade and congregation such as school, churches, and business centers. Additionally, refugee food and stipend rations across all settlements in Uganda - and the broader Horn of Africa - were slashed by 30%. In urban centers, refugees are not entitled to humanitarian assistance to meet basic needs due to government policy. As many urban refugees are engaged in street occupations such as hawking or have micro-businesses such as tailoring shops or FMCG trading spots set up in downtown business centers, which have been disrupted by lockdown measures, refugees have turned back to direct aid from the surrounding community to support themselves and their families. Many refugee women reported being unable to return to work even when movement restrictions were eased due to the continued closure of schools and resulting childcare responsibilities.

To address the challenges faced by low-income and vulnerable households, including refugees, the government and development actors continue to implement direct aid programs. Humanitarian actors like the World Food Programme (WFP) have been active in providing one-off food assistance in form of cash or mobile money to a target 80,000 urban refugees in Kampala. WFP also scaled up cash assistance efforts across 5 settlements in Southwest Uganda over the past year.¹²¹ On the public sector side, a one-off UGX 100,000 (~US\$28) cash relief package is in the pipeline for an estimated 500,000 vulnerable residents who are in danger of slipping into poverty amid the latest restrictions. The cash assistance is expected to be delivered via mobile money and be exempt from related charges of withdrawal. As of July 8, 2021, over 125,000 individuals had been cleared to receive the relief package, overwhelmingly located in rural areas such as Lira, Mukono, and Busia. Statements from the government reveal that the process has not gained traction in Kampala due to delays in accessing data on vulnerable individuals. However, critics of the plan argue that ineffective strategies are being used to determine vulnerability, such as the use of historical mobile money transactions^{122, 123}. Given the uncertainty around screening processes, it is unclear whether refugees outside of settlement settings can qualify for the direct cash programs. The

¹¹⁹ Office of the Prime Minister, "Comprehensive Refugee Response Framework (CRRF)." 2017.

[https://opm.go.ug/comprehensive-refugee-response-framework-uganda/#:~:text=The%20CRRF%20in%20Uganda%20encompasses,and%20\(v\)%20Voluntary%20Repatriation.](https://opm.go.ug/comprehensive-refugee-response-framework-uganda/#:~:text=The%20CRRF%20in%20Uganda%20encompasses,and%20(v)%20Voluntary%20Repatriation.)

¹²⁰ UNHCR Uganda Country Data Portal. <https://data2.unhcr.org/en/country/uga>

¹²¹ WFP, "Global Update on COVID-19." November 2020,

<https://docs.wfp.org/api/documents/8162681183bd492ab8e1cfc66435c956/download/>

¹²² The Independent, "Mobile money cash for Covid-19 poor." July 2021. <https://www.independent.co.ug/mobile-money-cash-for-covid-19-poor/>

¹²³ Daily Monitor, "Covid-19 payment launched, Kampala cash pending." July 2021.

<https://www.monitor.co.ug/uganda/news/national/covid-relief-payments-launched-kampala-cash-pending-3465748>

potential use of digital tags such as national identification numbers (NINs) may work against refugees, even if they have a valid and active mobile SIM card and mobile money account.

Policy barriers to refugee investing

Uganda's refugee policy is hailed as one of the most progressive globally, with refugees guaranteed rights and freedoms that are similar to those of native citizens. Among these rights include the freedom of movement, access to social services such as healthcare, right to employment, right to establish businesses, and ownership of land within settlements.¹²⁴ These policies are quite favorable to refugees on paper, especially in comparison to the policies of other refugee-hosting nations; however, certain aspects in the implementation process hinder their applicability and effectiveness in supporting refugees towards sustainable socioeconomic integration and development.

I. Difficulty in accessing documentation

Refugees encounter lengthy and bureaucratic processes in accessing identification documents. Processes around ascertainment of refugee status and issuance of refugee IDs are a prime example of *de jure* vs. *de facto* practices. On paper, refugees over the age of 16 should receive an identity card within a short period following registration. In practice however, this often does not happen until the refugee is resettled from the reception center, often several months after and, in some cases, up to two years^{125, 126}. In the case of asylum seekers, identity documents have an initial 3-month validity period, after which they must be renewed every two months.¹²⁷ Such bureaucratic processes contribute to continued dependence on aid as refugees are unable to pursue avenues to self-reliance, for example, until an ID is issued, a refugee cannot begin the process to access business registration documents like a taxpayer identification number (TIN). In theory, these are all rights and services granted to every refugee in Uganda, but the reality is often different. Such bureaucratic processes contribute to continued dependence on aid as refugees are unable to pursue avenues to self-reliance.

Free movement between settlements is also often tied to restrictive documentation requirements. Despite policy provisions that grant refugees freedom of movement, once refugee IDs are processed there are still restrictions around leaving the settlement where refugees are required to obtain an additional letter of authorization. This leaves refugees confined within their settlements for months or even years.

II. Unclear and restrictive refugee livelihood policies

The current Employment Act does not explicitly lay out a framework on the rights of minorities in the workplace, including refugees.¹²⁸ Many refugees are also oblivious of the rights and freedoms accorded to them in the Refugee Act. As a result, refugees face challenges such as denial of employment opportunities, unfair compensation, and discrimination without recourse. Additionally, the Labor Union

¹²⁴ Uganda Refugee Policy. 2017. <https://data2.unhcr.org/en/documents/download/64687>

¹²⁵ NRC, "Refugee Status Determination: A Study of the Process in Uganda." 2018.

<https://reliefweb.int/sites/reliefweb.int/files/resources/refugee-status-determination---a-study-of-the-process-in-uganda.pdf>

¹²⁶ Smart Communities Coalition, et. al., "Refugee Digital Financial Services." July 2020.

<https://reliefweb.int/sites/reliefweb.int/files/resources/78139.pdf>

¹²⁷ NRC, "Refugee Status Determination: A study of the process in Uganda." 2018.

¹²⁸ Government of Uganda, "The Employment Act." 2006. <https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/74416/127308/F-831045940/UGA74416.pdf>

Act does not provide guidelines for the unionization of refugees.¹²⁹ Refugees cannot therefore legally lobby for enforcement of employment rights or for improvement of working conditions from government agencies or employers.

The Trade Licensing Act also lacks guidelines on establishment and registration of refugee businesses.¹³⁰ This includes a lack of a clear policy related to governance of businesses run by asylum seekers. The absence of a clear framework prevents refugees from engaging in productive businesses and limits funding opportunities for refugee enterprises.

The Jobs and Livelihoods Response Plan under the latest policy framework still lacks a clear strategy and is yet to generate excitement within the donor and private sector communities. The government launched the Comprehensive Refugee Response Framework (CRRF) in 2017 in a bid to take the progressive and inclusive sentiment of the 2006 Refugee Act, translate into actionable strategies, and build momentum in the market with well-placed actors. In the words of the CRRF road map: "the 'what' has not changed, but the 'how' has".³⁹ The CRRF was developed as part of the New York Declaration to guide further development of global refugee policies by 2018 and advocates for responsibility sharing among host communities and countries to develop sustainable refugee management strategies. RIN's approach to refugee investing is key in facilitating the development of sustainable financing vehicles to stimulate investment in refugee businesses in Uganda.

III. Limiting resettlement and repatriation policies

The refugee policy disproportionately caters to foreign asylum seekers as compared to internally displaced persons (IDPs). Two-thirds of Africa is currently experiencing an increase in the number of internally displaced persons due to heightened political tensions that result in armed conflict as well as climate change that accelerates desertification and disease.¹³¹ Progress has been made in the form of a convention: The African Union Convention for the Protection and Assistance of Internally Displaced Persons in Africa (Kampala Convention), which lays out potential solutions to end or address internal displacement of persons.¹³² However, Uganda lacks base policies to integrate this convention as well as other international refugee conventions into its legal framework, limiting its applicability. The government is also slow to fully translate this policy to the Uganda context or borrow its approach and integrate the same into the existing Refugee Policy. This relates to a larger problem where development of local laws is a lengthy process that slows down the adoption of such frameworks in the legislature.

Without a structured resettlement or repatriation policy, Uganda's refugee strategy remains unsustainable and hinders refugee economic self-reliance. Refugees are concentrated in settlements without a clear-cut strategy on coordination efforts to either resettle them internally or repatriate them back to their home countries. Such efforts would help the long-term sustainability and serve to decongest settlements and improve living conditions for refugees.¹³³

¹²⁹ Government of Uganda, "Labor Union Act." 2006. <https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/74419/127310/F-1707366702/UGA74419.pdf>

¹³⁰ Government of Uganda, "Trade Licensing Act." 1969. <http://www.mtic.go.ug/wp-content/uploads/2019/08/Trade-Licensing-Act-Chapter-101.pdf>

¹³¹ African Union, et. al, "Africa Migration Report." 2019. <https://publications.iom.int/system/files/pdf/africa-migration-report.pdf>

¹³² UNHCR, "The Kampala Convention." October 2009. <https://www.unhcr.org/4ae9bede9.html>

¹³³ UNHCR, "Projected Global Resettlement Needs." 2021. <https://www.unhcr.org/protection/resettlement/5ef34bf7/projected-global-resettlement-needs-2021-pdf.html>

IV. Unclear plan on ending statelessness

Despite being progressive and equitable, the refugee policy is not clear on the path to ending statelessness for asylum seekers. In theory, refugees are granted rights similar to Ugandan nationals but often face difficulties integrating into the community as citizens, irrespective of how long they have been in the country. Uganda's policy is explicit on factors that would lead to cessation of refugee status, e.g., loss of nationality, surrender of refugee status, or voluntary repatriation, but fails to clearly articulate what the next steps in integration into the community are.¹³⁴ This is a global problem that affects other countries such as Colombia and Iran and results in a scenario of "once a refugee always a refugee".^{135 136}

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Recommendations for interventions to overcome barriers to refugee investing

A. Market-based prescriptions

I. Access to employment, training, and business opportunities

Design or support training programs that are directly linked to sustainable livelihood opportunities and which allow refugees to access higher skilled industries. Refugee skilling initiatives should only be implemented upon the identification of a validated and long-term market and employment opportunity that has capacity to absorb a large number of refugees. Programs such as the RE:BUILD urban refugee livelihoods initiative implemented by the International Rescue Committee (IRC), which has ambitious targets of reaching 10,000 refugees in Kampala, can be used as benchmarks. Training opportunities should also seek to bridge skills gaps in the market, which are typically more technical capabilities such as software / digital and hardware / mechanical skills.¹³⁸ [The RE:BUILD initiative will be described in detail in section 6 of this study.]

Build a campaign among employers to hire and upskill refugees, providing incentives where necessary. Market initiatives already exist to encourage inclusive hiring practices among employers. The Federation of Uganda Employers (FUE) has partnered with the International Labor Organization (ILO) to create employment opportunities for refugees through FUE's network of employers. The program conducted pilot assessments in the refugee-hosting districts of Arua and Isingiro to determine viable value chains for refugee absorption. Such programs could be complemented with incentives for participating employers, such as benefits coverage for refugee employees.¹³⁹

Indeed, incentives could cover benefits that a company may choose to provide voluntarily, such as school fee loans and/or health insurance and/or compulsory benefits mandated by the government, such as

¹³⁴ Uganda Refugee Act, Ibid.

¹³⁵ UNHCR, "Campaign to End Statelessness." <https://www.refworld.org/pdfid/572062254.pdf>

¹³⁶ OAS, "Situation Report." December 2020. https://reliefweb.int/sites/reliefweb.int/files/resources/OAS_Dic20-crisis-of-Venezuelan-migrants-and-refugees-situation-report.pdf

¹³⁷ ACAPS, "Humanitarian Access Overview." December 2020.

https://www.acaps.org/sites/acaps/files/products/files/20201214_acaps_humanitarian_access_overview_december_2020_0.pdf

¹³⁸ IRC, "Press Release:Ikea Foundation Awards 30 million Euro Grant to International Rescue Committee." January 2021.

<https://www.rescue.org/press-release/ikea-foundation-awards-eu30-million-grant-international-rescue-committee-support>

¹³⁹ International Labor Organization, "Prospect Project: Uganda." April 2020. https://www.ilo.org/global/programmes-and-projects/prospects/countries/uganda/WCMS_740650/lang--en/index.htm

social security payments. For example, for every year that a company employs a refugee (up to a max number), the company can potentially claim a fraction or all of the social security payments it made on behalf of the employee from the respective program. This would help cushion the company as it trains the employee to become fully integrated. Another example, could be a skills-based incentive scheme whereby a company commits to directly or indirectly, through a contractor, train refugee employees across one or many various fields. If the employee passes an independent test verifying the skill level achieved, the company can claim back some of the training and test costs. The employer is therefore able to allocate resources to help improve refugee employee skill levels while still having resources to fulfill other company objectives.

Engage in advocacy efforts to create policy reforms around refugee documentation processes. For example, GSMA and World Vision contributed to a successful lobbying effort to revise documentation requirements for refugees and increase access to mobile money services. Under the revised policy, mobile SIM cards can now be issued to any refugee holding a valid refugee ID card. In the absence of an ID, a valid attestation letter from the Office of the Prime Minister can suffice. With a registered SIM card on-hand, refugees can receive and send money remotely, opening up the market for donors and lenders to engage refugees, and to mitigate the manifold barriers refugees and entrepreneurs have gaining access to finance. GSMA estimates that the new policy will impact the lives and livelihoods of 600,000 refugees who have an unprecedented new level of access to capital. In another effort, a proposal was introduced in 2020 to help refugees overcome barriers to formal employment, by making them eligible for employment using only their refugee ID.¹⁴⁰

Support remote-work opportunities to address gender-related barriers that restrict women from seeking out and accessing economic opportunities. Many refugee women need the flexibility to work from home to meet both livelihood and domestic obligations. Training opportunities in skills like digital marketing could be leveraged for freelance work. Women who want to be self-employed can be supported to access inputs and markets for home-based businesses. Market actors can also invest in affordable and accessible childcare services that can allow women to pursue livelihood opportunities.¹⁴¹

II. Access to finance

Strengthen market knowledge on both the supply and demand-side to improve stakeholders' understanding of refugee lending needs and opportunities. Financial service providers should be engaged in capacity building efforts to demystify the "refugee borrower" and dispel false perceptions of refugees as posing high risks to lenders. Evidence that demonstrates little to no variation between refugee and non-refugee repayment rates should further be leveraged to illustrate the point. For example, data from the World Refugee Fund managed by Kiva shows a 96.6% repayment rate for refugees and internally displaced persons (IDPs) who borrowed from its partner institutions compared to a 96.8% repayment rate for non-refugee borrowers during the same period, across 6 refugee-hosting countries including Jordan, Rwanda, Colombia, Palestine, and Lebanon.¹⁴² In parallel, financial literacy efforts could help prepare

¹⁴⁰ GSMA, "Proportionate regulation in Uganda: A gateway for refugees accessing mobile services in their own name." February 2020. https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2020/03/Uganda_Case_Study_Web_Spreads.pdf

¹⁴¹ Women's Refugee Commission, Mean Streets: Identifying and Responding to Urban Refugees' Risks of Gender-Based Violence, February 2016. https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2020/03/Uganda_Case_Study_Web_Spreads.pdf

¹⁴² KIVA, "World Refugee Fund: Impact Report." 2018.

refugees for financing opportunities, particularly those who lack knowledge or experience with borrowing and repayment.

Engage financial providers in the design of tailored financial products and processes for refugee borrowers, for example, adapting credit assessment processes to factor in refugee challenges around documentation or meeting eligibility criteria like collateral. Financial products can also be designed to take advantage of the unique value proposition refugees present as borrowers, for example, principal repayments can be connected to refugees' monthly stipends or allowances, or to remittance accounts in which refugees receive regular deposits. The government should also engage financial institutions in the design of a refugee information system to establish standard KYC practices for refugee borrowers.

Utilize RLI to accelerate access to finance for businesses. Mechanisms that cater to one or more of the six refugee investing lens can play a critical role in increasing access to finance to Uganda's refugee population and host community members. RLI also incentivizes businesses to engage directly and intentionally with refugee and host communities. Indeed, numerous informants based in Uganda's private sector, like Wilfred Kamulegeya a senior agronomist at the Gulu Agricultural Development Corporation (GADC), stressed how the formal adoption of RLI could both increase impact and open GADC up to new interested capital partners.¹⁴³

Further review of refugee access to finance in Uganda suggests that in the rare instance when financing is provided to refugees, it comes mainly through direct lending or by using de-risking facilities. Yet, innovative approaches to financing can be built on these basic structures and incorporate various blended elements. A brief review of these financing instruments helps to contextualize potential innovations that can be tailored to RLI:

- **Commercial direct lending:** Traditional route of lending through which commercial lenders provide already existing lending products to refugees and refugee businesses at market rates. Here, risk is primarily assumed by the commercial lender in the event of defaults;
- **Concessional intermediated/direct lending:** This is capital, usually provided through public or philanthropic funds, that is characterized by below-market rate interest rates, payment-free grace periods, or a combination of both. It is a common component of blended capital (which typically also incorporates impact or private capital), so it can also include de-risking components directly within its structure. Concessional funds are disbursed either via direct lending from development partners or are intermediated through private sector channels such as banks and MFIs;
- **De-risking facilities:** These are structures through which multiple partners enter into agreements through which they provide financing to beneficiaries. These facilities (often known as "blended finance") are typically set up to engage the private sector and de-risk financial service providers' investments, to encourage them to develop tailored products and lend to vulnerable communities such as displaced persons and host residents without compromising their risk management standards. Main existing archetypes within the refugee-lending landscape include, Guarantees; First-loss coverage; and, Insurance.

¹⁴³ Interview conducted at GADC Headquarters. Gulu, Uganda. September 13, 2021.

- **Other innovative financing methods:** Include **crowdfunding**, which is used to mobilize investments which are disbursed to target groups through partnerships with loan-providing partners such as banks, leveraging de-risking models to finance lending programs.

Formal financing for refugees has historically presented a challenge to commercial lenders and other traditional lenders, attributed to the following reasons. High administrative costs of small-scale lending (low ticket sizes) often presents a challenging business model for commercial lenders. A perception of high-risk surrounding refugees, e.g., fears that refugees will be unable to repay loans or move, has also dampened lenders interest in the market. Lack of collateral and key registration and identification information also limits the ability of commercial lenders to track and collect on loans.

Loan guarantee facilities (LGFs) models can address the challenges arising from risk borne solely by commercial lenders, by providing risk-sharing benefits to lenders to encourage the provision of finance to refugee-beneficiaries. In order to encourage responsible lending and share risk guarantees will cover approximately 50% - 80% of loans disbursed. To fit LGFs into the RLI structure commercial lenders can offer more affordable financing to private actors working within or looking to engage the refugee space by enabling them to grow and expand their economic activities and thus improve the livelihoods of refugee and host communities.

Indeed, a LGF that de-risks commercial lending can be used in refugee settings in multiple ways. Increasing refugee access to affordable credit can help support refugees in their ambitions to start economic activity, or for those already engaged, to expand their existing economic activity. Provisions of technical assistance, guarantee pricing, and monitoring and evaluation should also be key considerations in designing guarantee facilities.

Several new initiatives use LGFs to build sustainable markets including the SIDA/UNHCR Partial Credit Guarantee Facility that aims to encourage financial services providers to provide financial services to refugee and host populations; the project pilot was based in Palorinya refugee settlement in Northern Uganda and in Kampala. The project is expected to enable approximately 100,000 refugees and hosting Ugandans to access financial services of which 70% are women and will help to create small businesses in farming, handicrafts, and trade.¹⁴⁴

Concessional lending often involves development financial institutions (DFIs) or other institutions providing financing in the form of debt at below-market rates and with long tenors to actors such as the public sector, companies and individuals. Concessional lending can be provided via intermediaries such as banks and MFIs or directly to companies and individuals. As private actors are expected to pay back the loans, reflows can be used for future investments or other uses, which can help to encourage actors to invest in the RLI space to improve livelihoods for refugees and hosts.¹⁴⁵ For example, concessional loans can help support refugees by providing access to an affordable source of borrowing to start a business or engage in other economic activities that can help boost their livelihoods. These loans can also incentivize companies to invest, test business models, expand into new settlements, and provide new goods and

¹⁴⁴ UNHCR, "Sida, UNHCR and Grameen Crédit Agricole Foundation join hands to promote access to financial services for refugees and host communities in Uganda." December 2019. <https://www.unhcr.org/afr/5df234214.pdf>

¹⁴⁵ The World Bank, Case Study. "Concessional Financing for Refugees and Host Communities in Middle-income Countries." 2018. <https://thedocs.worldbank.org/en/doc/802571523387514211-0340022018/original/casestudyFinancialProductsconcessionalfinancingforrefugeesandhostcommunities.pdf>

services in the refugee space. For example, allowing an agro-processor to establish collection areas or a processing plant that can purchase produce and employ from host and refugee communities.¹⁴⁶

Results-based Financing (RBF) is a form of concessional lending that incentivizes implementers to achieve outcomes and increases utilization. RBF is perhaps best described as a mechanism where funder(s) make payments or provide financing to intermediaries who agree to achieve predefined results. While outcomes may be pre-agreed, RBF's can potentially create competition among recipients specifically when they are targeting the same customer base to achieve their outcomes. It can therefore be more effective at achieving outputs/outcomes when compared to traditional development financing approaches.

There are various types of results-based funding such as **Payments by Results (PbR)**, **Payment for results (PforR)**, **Results-Based Lending (RBL)**, **Performance-driven loans (PDL)**, **Output-Based Aid (OBA)** and **Development Impact Bonds (DIB)**.¹⁴⁷ As results-based funding is outputs/outcome driven, it can be considered a good fit for RLI because it can help to achieve a variety of refugee-related targets such as increased employment, products or volume sourced, and refugee and host-businesses trained.

RBFs can be used in various settings, however, the design and structure is key in the achievement of high-impact results. For example, RBFs could be used to strengthen RLI by Increasing gainful employment for refugees and host communities by incentivizing private sector companies to employ refugees with monetary or non-monetary incentives. They could be designed to encourage private players to offer goods and services in refugee and host communities by aligning incentives with the number of products sold or customers serviced thereby helping to increase refugee and host community livelihoods. RBFs could also be designed to encourage Uganda's agro-processors to train and source raw produce from refugee and host communities engaged in crop farming by aligning incentives with outcomes such as yield improvement and outputs such as volumes purchased.

De-risking models including **first-loss** coverage and **guarantees** are two other financial structures that could be well tailored to support RLI in Uganda. First-loss portfolios are managed so that the lender/manager absorbs losses up to a predefined amount, typically 10% of the allocated trading capital, which can be viewed as collateral. Investors' capital is only negatively impacted only if losses exceed the predefined cap. In some cases, the first-loss capital supplied by each funder/lender can be pooled, with the pool absorbing losses that extend past the cap for a single investment.¹⁴⁸ **Guarantees** and **Insurance** models provide lenders with coverage against defaults or portfolio non-performance through the indemnification of the lender by a third-party in the case of investment losses. This type of de-risking model is executed when third-party funds are pooled separately from the investment structure in a blended fund/direct lending model. Lenders thus provide financing to the borrowers and in the case of defaults or non-payment, the pooled funds are used to fully cover losses borne by the lender. While these

¹⁴⁶ IFC, "Using Blended Concessional Finance to Invest in Challenging Markets." 2019. https://www.ifc.org/wps/wcm/connect/1decef29-1fe6-43c3-86c7-842d11398859/IFC-BlendedFinance-FIN_092021.pdf?MOD=AJPERES&CVID=nL5RB-2

¹⁴⁷ KfW Development Bank, "Innovative Development Finance Toolbox." October 2020. https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Brosch%C3%BCren/2020_Innovative_Development_Finance_Toolbox.pdf

¹⁴⁸ Charles Akingbehin, Aurum. "A Second Look At First Loss Platforms." November 2018. <https://www.aurum.com/insight/a-second-look-at-first-loss-platforms/>; and: GIIN, "Catalytic First-Loss Capital." October 2013. <https://thegiin.org/assets/documents/pub/CatalyticFirstLossCapital.pdf>

insurance models have not been widely used in refugee financing, they could be a further structure worthy of consideration.

Leverage technology to expand digital financial services (DFS) into refugee settlements:

DFS serve to reduce risk for lenders and increase ease of access for refugees by cutting out travel time to and interaction with middlemen and other agents who sit between the lender and refugee. One example is the use of mobile money to access capital. Some banks like Equity and Kenya Commercial Bank (KCB), which have operations in Uganda, offer credit facilities to refugees, primarily long-standing businesses with a credit history, provided that they have a banking history with their institution. However, this is far from the norm; In settlements like Nakivale and Kyaka II, traditional banking means such as VSLAs, and informal creditors, still make up the majority of transactions.¹⁴⁹

DFS solutions can also be paired with financing channels like remittances, which make up a major income source for refugees. A World Bank survey of urban refugee households in Kampala found that 74.1% of households rely on remittances for all or part of their income. In 2019, the value of remittances as a percentage of national GDP was 4%, with inflows growing at an average rate of 13% per year from 2015 to 2017 - almost double the growth of inflows into neighboring Kenya (7%).¹⁵⁰ Remittance-based financing is an especially attractive option for refugees from countries that have large diaspora populations such as Ethiopia and Rwanda.¹⁵¹

DFS solutions can allow banks to lend directly to refugee-run microfinance initiatives, which can encourage positive repayment behavior. A Humanitarian Innovation Fund (HIF) study mapped existing initiatives in Kampala and showed that many urban refugee communities have already developed their own finance mechanisms. Refugees are therefore already embedded within pre-existing repayment structures and behaviors such as weekly meetings to deposit savings, have established group liability and "grassroots" social cohesion, which may increase individual accountability, and have a group motivation to invest and grow their savings.¹⁵² Market solutions that allow institutional lenders to connect to informal savings groups at low cost are already readily available, for example, Questbanker, a banking software developed by Akellobanker.¹⁵³

III. Access to basic services

Create opportunities for stronger engagement between the public and private sectors to increase access to high-quality public services such as education, healthcare, housing, and energy access, with targeted support from the development sector. The quality of services like schools, health centers, housing, electricity, and water and sanitation, will remain good as the amount of public funding available and the ability of the government to plan for and deploy funds effectively. The GoU can create strong incentives for private sector companies commercializing these services to extend their supply chains into remote

¹⁴⁹ OCA consultations

¹⁵⁰ Cenfri, "Exploring barriers to remittances in Sub-Saharan Africa." Volume 3: Uganda. 2018. https://cenfri.org/wp-content/uploads/2018/04/Volume-3_Barriers-to-remittances-in-Uganda_FSDA_October-2018.pdf

¹⁵¹ Vision Fund, "Delivering refugee microfinance in Uganda." <https://www.visionfund.org/our-focus/fragile/refugee-lending#:~:text=Delivering%20Refugee%20Microfinance%20in%20Uganda,-In%20May%202019&text=In%20July%202019%2C%20the%20first,disbursed%20USD%2475%2C000%20in%20loans.> And, FinDev Gateway, "5 things you should know about financial services for refugees." 2018.

¹⁵² Humanitarian Practice Network (HPN), "Loan cycles of innovation: researching refugee-run micro-finance." 2016.

¹⁵³ Akellobanker, "How it works." <https://questbanker.com/index.php#welcome>

settlements. Incentives can take the form of tax exemptions, access to public distribution networks, or funding opportunities through development partner programs, to name a few. For example, USAID implemented a grant competition in late 2019 to provide a de-risking mechanism to encourage local private sector energy entrepreneurs to expand their reach into displaced settings. The winning providers distributed over 4,000 solar home systems to households and businesses across the Rwamwanja and Kiryandongo settlements and host communities and created 385 direct jobs.

Explore broadband demand aggregation programs to leverage the purchasing power of service providers in settlements to drive down internet prices, increase service quality, and expand coverage across settlements. Humanitarian and private sector actors in settlements are often the largest purchasers of mobile and internet services. For a single actor, broadband costs can be prohibitively high as providers incur high expenses extending their infrastructure to the last mile. However, actors can come together to assess their collective purchases and broadband needs and make the case for an internet provider to invest in increased network capacity. Broadband demand aggregation has been implemented successfully in settlements like Dadaab in Kenya, where aid programs worked together to gather data and determine shared, long-term needs. The resulting large-scale, high-speed broadband network was dubbed DadaabNet and became the established tool for collaboration for over 40 settlement-based organizations, supporting thousands of refugees across support services like ICT skills training, online marketing of refugee-made products and services, online education, news updates, and email and social media used by refugees to connect with family and friends.¹⁵⁴

Through efforts for increased private sector engagement and expanded connectivity and technology access, settlements are likely to see reduced costs of living and doing business. A natural result of direct service provision by private players is the reduced need for middle-men, who can often inflate the costs of products and services. However, support actors reinventing business models in displaced contexts should carefully assess the economic value of intermediary services, for example, the livelihood opportunities that they provide for the host community and make considerations for preserving or transitioning those roles.

IV. Social integration and interventions design

Increase representation of refugees during decision making and onboard local community leaders to positively highlight their contribution to local development. Government programs and offices should allow for a refugee “caucus”, with representatives from each refugee ethnic group and each settlement, to represent the interests and ideas of their communities. Similarly, private and development programs should have refugee representation on steering committees and advisory boards. Initiatives that foster collaboration between refugee and host communities should also seek to position refugees as contributors to the socioeconomic development of the community, e.g., as business owners, employers, taxpayers, and affordable and productive labor to start to break down unfavorable views of refugees as an economic burden. Additionally, seek to support or leverage learnings from ongoing initiatives for social cohesion such as IRC’s RE:BUILD program, which is partnering with neighborhood and city leaders to

¹⁵⁴ USAID Better Connectivity, “Better Programs: How to implement a broadband demand aggregation platform.” 2018. <https://www.usaid.gov/digital-development/digital-inclusion/broadband-demand-aggregation> And, NetHope, “High speed Dadaab network connects refugees to family, support, and opportunities.” <https://nethope.org/project/dadaab-refugee-camp/#:~:text=High%20speed%20Dadaab%20network%20connects%20refugees%20to%20family%2C%20support%20%26%20opportunities&text=When%20refugees%20started%20flooding%20Dadaab,center%20would%20grow%20to%20be>.

support refugee inclusion in labor markets and community or grassroots bodies.¹⁵⁵ [A complete description of the RE:BUILD initiative can be found in section 6.]

Pursue increased involvement in, and support of, industry bodies and practitioners that promote smarter market coordination, for example, the Smart Communities Coalition (SCC)¹⁵⁶, market mechanisms that recognize that humanitarian actors can achieve more together than they could alone. Coordination within such coalitions does not impede an organization's ability to operate independently. Rather, collaboration is based on a mutual understanding that each member has unique interests and priorities that drive their engagement and participation, and for the coalition to achieve its goals, it must be aligned with these individual needs.

B. Policy recommendations

V. Policies on documentation and refugee livelihoods

Support the adoption of a comprehensive approach to the development and implementation of refugee documentation and livelihoods policies. The government should explore innovative ways to reduce lead time on identification and business registration documents. This can include developing a consortium with the specific agencies that have the mandate to reflect upon and iterate on current policies. Current employment laws should also be updated to complement the Refugee Act by incorporating rights to seek and create work to promote refugee safety in the work and marketplace. Across the policy revision efforts, the government can also consult with policy experts from refugee councils, civil society organizations, organizations like the UNHCR, or from other refugee-hosting nations, to validate assumptions and ideas and ensure that new policies are applied equitably across public offices.

VI. Paths to resettlement and ending statelessness

Refugee resettlement policies can be developed to complement the existing Refugee Act to ease economic and social pressure from the current influx of asylum seekers. The UNHCR has proposed a set of guidelines through the Refugee Three-Year Strategy to facilitate resettlement through avenues such as third countries.¹⁵⁷ This policy advocates for responsibility sharing between different governments, donors, and refugee agencies in the resettlement process by allowing the repatriation of refugees from host communities to other countries willing to host them. Uganda can adopt this framework to develop 'third country' policies in collaboration with neighboring nations to ease the current social and economic burden. Uganda can also leverage strong ties within the East Africa Community and other trade organizations to adopt and implement this strategy regionally. Additionally, the country could also complement such efforts with a clear framework on voluntary repatriation.¹⁵⁸ Uganda's Refugee Welfare Councils also need

¹⁵⁵ OCA internal work on RE:BUILD

¹⁵⁶ The Smart Communities Coalition (SCC) is a USAID and Mastercard-founded initiative that leverages the resources and expertise of 60+ member organizations to accelerate the delivery of essential services into displaced communities.

¹⁵⁷ UNHCR, "The Three-year Strategy (2019 – 2021)." 2021.

https://www.unhcr.org/protection/resettlement/5d15db254/three-year-strategy-resettlement-complementary-pathways.html#_ga=2.1026743.748646531.1624614218-596282885.1624614218

¹⁵⁸ The UNHCR's 10-Point Strategy offers a framework to respond to the protection needs of refugees, stateless people, unaccompanied and separated children, trafficked persons and others with specific needs in the context of mixed movement. The plan sets out 10 areas where UNHCR believes initiatives are called for and could make a positive impact.

<https://www.unhcr.org/en-us/the-10-point-plan-in-action.html>

to be implicated to help develop innovative, pro-refugee and refugee-informed policies and solutions to resettlement.

Similarly, the country needs a robust disaster management framework to end forced displacement of citizens internally and to reduce national expenditure on refugee support.¹⁵⁹ The country is currently experiencing a strain on the economy from high expenditure on refugee support programs that are expected to rise with an ever-growing influx of refugees. The existing Refugee Act needs to incorporate mechanisms to prevent or address forced displacement of Ugandan nationals due to conflict, natural disasters, or other causes. Without this consideration, there is a threat of opposition towards the allocation of constrained resources away from the immediate needs of nationals.

Social integration policies can be developed and implemented as an avenue to end statelessness. Uganda can explore short-term residency permits in addition to refugee IDs to facilitate the social integration process.¹⁶⁰ The government can also adopt policies that have proven successful in ending statelessness in other parts of Africa, for instance, the naturalization of asylum seekers from Burundi in Tanzania. However, the country will need to also develop and implement a clear policy on subsequent integration and settling of fully naturalized refugees once the naturalization process is completed to prevent or address resistance or hostility from host communities.¹⁶¹ This could include community-based protection initiatives in collaboration with the local administration such as community education and the development of refugee community centers within host communities.¹⁶²

¹⁵⁹ UNHCR, "Global Trends on Forced Displacement in 2020." <https://www.unhcr.org/flagship-reports/globaltrends/>

¹⁶⁰ UNHCR 10-Point Strategy, Ibid.

¹⁶¹ UNHCR, "Statelessness and Citizenship in the East African Community." September 2018.

¹⁶² UNHCR, "Kampala Urban Refugees Program." [file:///Users/timdocking/Downloads/Statelessness%20and%20citizenship%20in%20the%20East%20African%20Community%20\(3\).pdf](file:///Users/timdocking/Downloads/Statelessness%20and%20citizenship%20in%20the%20East%20African%20Community%20(3).pdf)

¹⁶² UNHCR, "Kampala Urban Refugees Program." [file:///Users/timdocking/Downloads/URBAN%20PROGRAM%20II%20\(1\).pdf](file:///Users/timdocking/Downloads/URBAN%20PROGRAM%20II%20(1).pdf)

5. Uganda: Responding to Barriers Through RLI & Priority Business Models

RLI can be utilized as an effective response to the manifold social and economic barriers confronting refugees in Uganda through the identification and assessment of high-potential business models. The application of the refugee lens further helps businesses mitigate risk and increase investment impact. Accordingly, this chapter presents an in-depth sector analysis, conducted by Open Capital Advisors Uganda (OCA), on nine sectors of the Ugandan economy. A “priority business model” approach is then leveraged to identify the two highest impact models for refugees: Adding Value to Products, and Access to Larger Markets and Brands. Refugee impact and investor risk are then further augmented and mitigated, respectively, through the application of the lens, and presented in indicative RLI pipeline tables that correspond to each of the two high-impact models.

Selection of Sectors:

OCA conducted a review of key sectors, leveraging desk research and internal knowledge, in order to identify what are the key economic activities that refugees are engaged in for their livelihoods and the associated refugee-related activities taking place both in settlements and urban areas. The 9 sectors were thus selected by considering:

- *Level of activity within a sector:* Refers to the sectors refugees, public bodies, and other stakeholders are currently engaged in and that have the potential to continue engaging refugees (It was assumed that the greater the engagement of refugees, the greater the chance of impact). Similarly, the sectors that refugee initiatives/programs/donors are targeting is also important as it determines the availability of resources for specific sectors;
- *Need for goods and services:* Refers to the refugee need for related goods and services from within these sectors but also how the needs of others can be met by products and services offered by refugees;
- *Availability of resources within the geographies:* For example, refugees living in rural settlements have land allocated to them to allow them to grow produce and therefore, agricultural initiatives are likely to be common within these settings;

Accordingly, OCA selected nine Ugandan business sectors, including:

- *Energy sector:* There are numerous initiatives and players active within this space, the need for goods and services are high and there is an availability of relevant resources;
- *Financial services:* Owing to refugees’ need for access to financial services and the availability of mobile money apps, there are numerous initiatives targeting financial service provision such as cash lending and savings programs;
- *Agriculture:* The allocation of land to refugees in Uganda and the push to help refugees to be self-sufficient has meant that the Agricultural sector is also one where activity, need, and resource availability is high;
- *Transport and logistics:* The need for transport and distribution of goods and services to and from regional cities makes this an important sector;
- *Education:* The need to educate adults and children within settlements and the presence of refugees with foreign language skills has translated to increased activity within this sector;
- *Clothing and textiles:* The need for clothing, the ability to easily teach tailoring skills and share resources, the presence of numerous players within the sector, and the long standing involvement of certain refugee groups in the textile trade making this a relevant sector;

- *Retail and wholesale*: The need for goods and services within rural settlements and the level of activity and refugee engagement surrounding the sale and purchase of products drives the inclusion of this sector;
- *Housing and hospitality*: The high level of engagement of refugees across this sector from refugee ownership of hotels and lodges in urban centers to provision of bar and restaurant services and to employment of refugees on construction sites;
- *Healthcare and Wash*: This sector was selected owing to the basic human need to access healthcare and sanitation services.

Further analysis revealed that common trends exist across the business activity within key sectors and that activities are often cross-sectoral e.g., intersecting across Energy & Agriculture, Transport/Logistics & Retail, etc. Activities also frequently have a multi-stakeholder presence, as actors seek to leverage different resources and expertise to solve specific refugee challenges.

Sector analysis:

Business model	Key activities in camps and/or urban areas	Examples of active players
Energy	<ul style="list-style-type: none"> • Distribution of renewable energy products where refugees and host community members are hired as sales representatives earning on commission • Establishment of off-grid energy infrastructure e.g., mini grids • Fuel distribution and ancillary services e.g., gas stations, car service centers • Waste-to-energy and e-waste activities e.g., conversion of agricultural and human waste into energy sources like briquettes 	USAID; USADF; Raising Gabdho Foundation; Mandulis Energy; Total Energies; Enlight
Financial services	<ul style="list-style-type: none"> • Creation or support of traditional financial groups e.g., VSLAs¹ and SACCOs², through financial literacy programs • Direct lending e.g., cash transfer, loan and asset financing to refugees and host community members, at the individual, household, and business level • Extension of formal services e.g., account opening, savings programs • Remittance-based services e.g., forex exchange, money transfers, and supporting technological solutions 	Equity Bank; Post Bank; FINCA; PHB Development; UNCDF; Social Innovation Academy DanChurchAid

Transport & logistics	<ul style="list-style-type: none"> · Distribution of fast-moving consumer goods (FMCGs) between regional trading centers and refugee neighborhoods · Driver roles e.g., long-distance trucking, other commercial and private vehicles, ride-sharing platforms like Uber 	TENT Foundation; Norwegian Refugee Council; Uber; IRC
Agriculture	<ul style="list-style-type: none"> · Smallholder farming on a subsistence scale, i.e., to support immediate family needs and trade any surplus produce · Smallscale aggregation and trade of agricultural products 	PHB Development; Opportunity International
Education	<ul style="list-style-type: none"> · Employment and self-employment in foreign language skills training where refugees from francophone countries e.g., Congo, Rwanda, Burundi, are hired into local schools as French teachers, or market themselves as private tutors; · EdTech services e.g., partnerships with online learning platforms to extend children and adult education into settlements; 	Techfugees Foundation; The Innovation Village; Response Innovation Lab; Refugee-led (francophone e.g., DRC, Rwanda, Burundi)
Clothing & Textiles	<ul style="list-style-type: none"> · Employment or self-employment as tailors in business centers and fashion outlets; · Formation of business groups where a group of entrepreneurs pools resources to source larger work orders and expand product offerings e.g., shoe and bag making; · Training programs to teach refugees tailoring and business development skills; 	Mazuri Designs / Girl Up; MoTIV; IRC
Healthcare & WASH	<ul style="list-style-type: none"> · Extension of health services e.g., basic aid, maternal and child care, microinsurance; · Behavioral change programs to promote better hygiene and sanitary practices; · Expanding access to health information e.g., Covid symptoms, preventive measures; 	UNICEF; Medical Teams International Viamo
Housing & Hospitality	<ul style="list-style-type: none"> · Accommodation services where urban refugees origin own small hotels and lodges; · Restaurant / bar services that cater mainly to the refugee population (native cuisines); · Expanding and improving housing infrastructure in settlements; · Refugees employed on construction sites, mostly of South Sudanese origin; 	Danish Refugee Council; Primarily refugee-led (Ethiopians, Eritreans, South Sudanese)

Retail & Wholesale	<ul style="list-style-type: none"> · Trading in fast-moving consumer goods (FMCGs) via small retail outlets; · Beauty and hair care activities where refugees are employed or self-employed as salon owners and personnel e.g., hairdressers, or in distribution of beauty products; 	Primarily refugee-led (Somali, Congolese)
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These findings warranted a focus on sector-agnostic models of investing that respond to key refugee needs: Business models that are already well-positioned to bring RLI to bear in their work are the best entry points. This point therefore guided the consideration of the business models and subsequently, the companies to be highlighted within the selected business models.

Four key impact areas were considered when determining the selection of the business models with the business model extending at least 1 of the following four benefits:

- **Financial benefit:** The business has to provide or offer financing to a business, refugee or otherwise. It includes examples such as a refugee lending facility, fund, or other vehicle (R5, R6);
- **Employment benefit:** The business must be owned by, led by or employ refugees and/or hosts: (R1, R2, R3, R4);
- **Skills benefit:** the business or venture provides meaningful skills, training, or education to refugees or hosts (R1, R2, R3, R4);
- **Product / service benefit:** A model extending quality, life-improving infrastructure, goods, or services (R3, R4).

OCA then prioritized the business models by scoring them across four criteria that consider **impact and risk**:

- *Involvement in gainful employment:* Business models present a strong evidence base for productively engaging refugees, regardless of age, sex, or displacement status. Additionally, this factor has direct applicability to R1 and R2 of the RIN lens;
- *Presence of supporting activities:* Important that business models exist within a supporting ecosystem that allows for access to capital, services, and infrastructure and enables individuals to learn and transfer new skills. The criterion is also of direct relevance to R3, R4, R5, and R6 of the RIN lens;
- *Economic potential:* Economic attractiveness of business models is of equally high importance. Opportunities should be accessible for investment and financially sustainable amid market shocks. There also needs to be room for smart coordination and joint learning between support actors to ensure complementarity;
- *Enabling and protective environment:* Creating opportunities for safe and decent work and enabling meaningful access due to an absence of overly restrictive policy and market entry barriers is a strengthening factor that allows refugees to ultimately integrate as well as influence the design and implementation of durable solutions. Protection is also an all-encompassing consideration of the RIN lens.

The two business models that scored highest and that were therefore selected are: **Adding value to products and by-products**; and, **Access to larger markets & brands**.

Businesses were identified within these models and subsequently, impact was assessed using the RIN lens. [A full description of criteria weighting and rationale can be found at Annexes 1 - 1A]

Adding Value to Products:

Adding value to products and by-products refers to the sourcing, value-adding processing, and sale of products. Within this model, while some initiatives engage and/or employ refugees and host community members across the entire value chain, others engage only at specific steps of the value chain, e.g., Sourcing; Processing; Sales and Distribution.

The majority of companies adding value to products and by-products primarily engage in agro-processing and energy production and primarily target communities with large populations due to their large sourcing needs. Uganda's policy of granting land to refugees in settlements allows refugees to grow crops for subsistence as well as for commercialization through sales, indeed, most initiatives or companies adding value to agricultural produce and waste are thus spread within refugee settlements and surrounding rural areas or host communities, where refugees have access to land. Specific regions, initiatives and/or companies differ based on type of crop or input suited for the different regions, such as passion fruits in Western Uganda or cassava in the north:

- Most initiatives within this model operate in the regions of Northern Uganda such as Gulu, Karenga, and Lamwo with others have a presence in West Nile and Southwest regions;
- Agro-processing companies like Gulu Agricultural Development Company (GADC) primarily operates across Northern and Southwestern Uganda and specifically in areas such as Gulu, West Nile / Rhino settlement area, Lamwo, Palabek Karenga and Abim;
- Others such as KAD Africa operate in the Western region of Uganda with a focus on passion fruit value chain targeting various settlements in this region;

Agricultural waste to energy companies such as Mandulis Energy engage in regions such as Olwiyo, Nwoya District and other settlements and plan to install a second factory in Acholibur in Kitgum.

This table presents the first set of models that span value chain integration and value addition, market linkages, and access to financial products:

Business model	Examples in the market
Supporting refugee businesses to integrate into the local value chain and position for scale	<ul style="list-style-type: none"> • The Social Innovation Academy's business incubator accelerates refugee micro enterprises in Nakivale and Bidi by supporting them to develop viable business models and access small amounts of startup capital;
Adding value to products and by-products created by refugees	<ul style="list-style-type: none"> • Mandulis' SEPARLE project aggregates agricultural waste from thousands of refugee farmers in Northern Uganda and transforms it into clean energy forms such as briquettes and biogas. Refugees are also employed in the production and distribution of briquettes;

	<ul style="list-style-type: none"> • Sanivation's Waste-to-Value project tackles the lack of adequate sanitation services in refugee settlements by installing toilets, converting human waste into fuel (briquettes), and employing refugees across their value chain.
Giving refugee businesses access to larger markets and brands	<ul style="list-style-type: none"> • MoTIV's Design to Industry program creates market linkages for refugee-made products by via an online e-Commerce platform and through partnerships with offtakers e.g., local fabric and clothing manufacturers.
Enabling refugee businesses, households, and individuals to access financial products and services	<ul style="list-style-type: none"> • Equity Bank's refugee program has been implemented in settlements across Uganda and Kenya and has to date opened >20k refugee accounts and >60k accounts in the host community and issued over 1k and 2.5k loans to refugees and host community members respectively; • KIVA's World Refugee Fund lends to refugees at scale by extending zero-interest, risk-tolerant funding to partner financial institutions based in target countries. By 2018, KIVA had extended a total loan volume of USD 6.6 million to ~7,800 refugee borrowers.

The second set of models includes access to employment and skilling opportunities, and affordable basic products and services:

Business model	Examples in the market
Giving refugees access to safe and decent formal work opportunities	<ul style="list-style-type: none"> • The Federation of Uganda Employers (FUE) and ILO's program creating employment opportunities for refugees through FUE's network of private employers and seeking to partner with the Uganda National Chamber of Commerce (UNCC) to create buy-in among industry and trade bodies and associations; • TENT Foundation, NRC, and Uber's driver program that enables asset financing for refugees to acquire cars and be employed as Uber drivers in Kampala. Refugees pay back the value of the car over a period of 3 years using earnings from the job; • Mercy Corps' apprenticeship program that connects refugees to vocational-based businesses and employers for a fixed period of time.

Supporting refugees to build marketable and transferable skills	<ul style="list-style-type: none"> • Enlight Institute's training program that trains refugees as front-line staff and sales agents of last-mile distributors across Uganda. Trainings cover technical skills on solar product installation and maintenance, project management, and soft skills in sales and communication; • Mazuri Designs under Girl Up Uganda trains and graduates ~100 people annually, including refugees, in tailoring skills and supports them to start businesses and export finished products to US and European markets.
Enabling refugees to access / afford basic products and services (food, water, health, education, energy)	<ul style="list-style-type: none"> • Mercy Corps' cost-sharing subsidy pilot that pays for 60% of the cost of an off-grid solar powered solution (single solar lamp with or without mobile charging, or a 6W solar home system), with the refugee household paying the remaining 40% upfront or over a 12-month period, and which also explored the role of VSLAs in extending credit to asset borrowers.

Most of the companies target the agricultural value chain; sourcing products and by-products from farmers.

Profiles of Market Actors and Potential RLI Partners Segmented R1 - R6 (indicative)

The profiles below are organized by the six dimensions of the RIN lens including descriptions of the activity and impact data, where available, and represent an indicative model of how RIN's refugee investing lens can be used to identify, segment, and measure stakeholder engagement and impact. [See Annexes 10 - 11 for further strong rationale to partner with the private sector through RLI.]

Company	Description of program	RIN lens
Mandulis Energy	<ul style="list-style-type: none"> • Aggregates agricultural waste from >60,000 farmers in Northern Uganda, converting it into clean energy forms such as briquettes and biogas; • Employs refugees in the production and distribution of briquettes. 	<p>R2-Refugee-led</p> <p>R3-Refugee-supporting ventures</p> <p>R4-Refugee-supporting, Host-weighted activities</p>

The Portico Limited	<ul style="list-style-type: none"> • Trains refugees in briquette production as well as sources raw materials and other supplies from them; • Operates a briquette production facility in Nakivale on contract from UNHCR and OPM with a minimum contractual obligation of 60 tons per month. 	<p>R3-Refugee-supporting ventures</p> <p>R4-Refugee-supporting, Host-weighted activities</p>
Kad Africa	<ul style="list-style-type: none"> • Supports through its 'Experience' agricultural program, out-of-school girls and young women to grow passion fruit; • Purchases 100% of the passion fruit at fair market price and processes it into pulp which is then sold to the Ugandan hospitality sector. 	<p>R3-Refugee-supporting ventures</p> <p>R4-Refugee-supporting, Host-weighted activities</p>
Gulu Agricultural Development Company	<ul style="list-style-type: none"> • Provides inputs to and purchases cotton and sesame from smallholder farmers; • Subsequently processes, packages and exports products to the Far East and Europe. 	<p>R3-Refugee-supporting ventures</p> <p>R4-Refugee-supporting, Host-weighted activities</p> <p>R5-Refugee-lending (farming inputs, etc.)</p>
Sanivation	<ul style="list-style-type: none"> • Installed toilets in refugee camps; collected and converted human waste into briquettes employing refugees across the entire value chain; • Sold an average of 2 tons of briquettes per month to refugees and host community members. 	<p>R3-Refugee-supporting ventures</p> <p>R4-Refugee-supporting, Host-weighted activities</p>

Kiva	<ul style="list-style-type: none"> Kiva is a crowdfunding platform that has a social impact mandate to lend to refugees and IDPs. Since 2016, KIVA has disbursed thousands of loans to displaced persons and officially launched the World Refugee Fund in 2017 to build momentum on the global stage. Through their new partnership with UGOFODE Microfinance, Kiva's Refugee Investment Fund (KRIF) will provide debt to refugees at scale by extending zero-interest, risk-tolerant funding to partner financial institutions based in target countries.¹⁶³ 	R5-Refugee-lending
Equity Bank	<ul style="list-style-type: none"> Equity Bank seeks to create inclusive financial services. The bank is part of a technical working group under the Smart Communities Coalition (SCC) that assessed drivers, barriers, and solutions for financial inclusion across 3 settlements – Bidi Bidi, Imvepi, and Rhino in Uganda, and 2 in Kenya. 	R5-Refugee-lending

One exciting RLI opportunity is for Ugandan companies adding 'value to (RLI) products' to intentionally engage refugees in operational areas:

Company	Description of company	RIN lens
Wimrob Bees Company Limited	<ul style="list-style-type: none"> Sources raw honey and beeswax from smallholder farmers in Lira in Northern Uganda that is processed to make a variety of products that are subsequently sold to local and regional markets, supermarkets and others. 	<p>R3-Refugee-supporting ventures</p> <p>R4-Refugee-supporting, Host-weighted activities</p>
Livara and Pelere	<ul style="list-style-type: none"> Processes shea butter sourced from formerly war-torn regions of Northern Uganda such as the districts of Lamwo, Nebbi, Arua, Moyo; 	<p>R3-Refugee supporting ventures</p> <p>R4-Refugee-supporting, Host-weighted activities</p>

¹⁶³ <https://www.accion.org/its-a-group-effort-to-help-refugees-build-new-lives-in-uganda>

	<ul style="list-style-type: none"> • Produces a range of products such as market detergents, cosmetics and personal care products. 	
Windwood Millers	<ul style="list-style-type: none"> • Sources cassava from farmers within Northern Uganda; this cassava is further processed to make flour which is packaged and distributed to other markets; • Trains farmers with whom they engage in on best practices to ensure quality of produce sourced as well as providing additional support services to farmers. 	<p>R3-Refugee-supporting ventures</p> <p>R4-Refugee-supporting, Host-weighted activities</p>
Fine Spinners	<ul style="list-style-type: none"> • Trains farmers on how to grow cotton, procures and aggregates the produce which is processed into yarn, fabrics and garments; • Engages with rural farmers in Western Uganda in Kasese and is willing to onboard refugees in their textile and tailoring business lines through a sub-contracting model. 	<p>R3-Refugee supporting ventures</p> <p>R4-Refugee-supporting, Host-weighted activities</p>
Bukona Agro Processors Ltd	<ul style="list-style-type: none"> • Sources cassava in Northern Uganda, to the tune of 20,000 tons of dry cassava chips from smallholder farmers; • Manufactures ethanol from cassava to be used in their specially designed ethanol cookstoves. 	<p>R3-Refugee-supporting ventures</p> <p>R4-Refugee-supporting, Host-weighted activities</p>
BioFresh	<ul style="list-style-type: none"> • Supports via its role as the local partner in the Fresh Fruit Nexus project, the employment and training of refugee and host community members, to grow certified organic fruit for export to Denmark. 	<p>R3-Refugee-supporting ventures</p> <p>R4-Refugee-supporting, Host-weighted activities</p>

While these companies do not currently engage with refugees intentionally, there are opportunities to actively and formally introduce refugees into their value chains. Interviews with senior executives from these companies suggest broad interest to become an RLI, and that modest technical assistance and training would be sufficient incentive to facilitate change.

Another way to add value to products to support refugees is for companies to introduce technology, engage partners and provide support on the back of a friendly refugee policy. Improved integration and coordination can help develop partnerships with development partners in support of effective running of initiatives as private sector actors that have limited context on the refugee environment particularly in rural settlements. A good example of development partners effectively helping to coordinate and lay the groundwork across stakeholder networks could be seen when UNHCR partnered with Sanivation and Mandulis to ease their entry to targeted settlements.

Adding value could stem from access to finance and technology development. Businesses' adoption and use of technological processes to manufacture products increases efficiency and processing capacity thus enabling higher demand for refugee produce. Scalability of these businesses is highly dependent on access to financing, to facilitate outreach to targeted refugees. Opportunities that increase access to tools to increase yield of farmers to boost aggregated produce can help further increase demand and add value to products. Access to cheaper debt also can increase engagement of companies.

Various businesses work alongside VSLA groups in settlements and settlements to facilitate supply aggregation and increase access to finance for refugees and host communities. Uganda's friendly refugee policy empowers refugees through access to land, financing institutions, SIM cards for refugees to engage in empowering economic activities. Similar targeted initiatives can increase opportunities for sustainability and integration of refugees in the host communities and thus economic empowerment of refugee-led MSMEs.

Businesses' provision of training programs and facilitation to access to inputs/equipment ensures quantity and quality of products are to the necessary requirements. E.g., Sanivation placed toilets in settlements, GADC provides input supplies and training to farmers. Added programs such as training in business skills, personal development, etc. empowers refugees and host communities. Trainings increase engagement with refugees and host communities and increases the quality of sourced products thus increasing the capacity building and employability of both refugees and host communities.

Increasing private sector and refugee access to cheap finance can increase production capacity in refugee establishments offering multiple opportunities for positive RLI intervention. Similarly, partnerships to increase access to inputs and sourced produce can increase engagement with refugees, improving their livelihoods. [see Annexes 2 - 4 for current Ugandan RLI case studies].

Business Model 2: Access to Larger Markets and Brands

'Access to larger markets and brands' relates to the marketing, distribution, and sale of refugee made products to local, regional, and international markets. Within this model, refugees typically receive training, manufacture products, and finally sell their products via new channels. Support for these efforts can stem from three primary sources: Inputs and services; Production; and, Sales and distribution.

Thus, actors like JICA help train refugees in different skills and areas for example, in artisan work and business development services (BDS) and in agricultural work such as farming best practices depending on region. Actors also can provide necessary inputs, equipment and finance to ensure facilitation of training sessions and / or facilitate set up for projects for refugees and host communities. Production support might include helping refugees and host communities procure additional materials and inputs locally and to further develop skills vital to their success. Sales and distribution support often stems from the aggregation of goods for processing or storage. The establishment of a digital marketplace to list

items for sale and/or marketing to local and international clients is also key.

While initiatives may operate across a variety of sectors, the production of artisan and agricultural products hold good opportunity, in large part due to Uganda's refugee self-reliance model. Indeed, a number of artisan initiatives and even more interest exists in agricultural initiatives targeting refugee farmers. The table below describes the numerous initiatives and opportunities for engagement in both:

Profiles of Market Actors and Potential RLI Partners Segmented R1 - R6 (indicative)

Initiative	Description of program	RIN lens
Made51	<ul style="list-style-type: none"> Identifies refugees within 16 countries with artisanal skills & creates groups; Provides technical & building capacity through experienced social enterprises who work alongside refugee groups to develop market-ready products for external markets. 	<p>R3-Refugee-supporting ventures</p> <p>R4-Refugee-supporting, Host-weighted activities</p>
Girl Up Initiative Uganda	<ul style="list-style-type: none"> Trains ~100 people annually, including refugees, in tailoring skills; Assists targeted persons in starting businesses and exporting finished items to US and European markets, increasing chance for self-sufficiency of absorbed persons. 	<p>R3-Refugee-supporting ventures</p> <p>R4-Refugee-supporting, Host-weighted activities</p>
MOTIV	<ul style="list-style-type: none"> Creates market links for locally created products using an e-Commerce platform; Utilizes collaborations with off takers, such as local fabric and garment manufacturers, to expose products of >200 entrepreneurs to other markets. 	<p>R3-Refugee-supporting ventures</p> <p>R4-Refugee-supporting, Host-weighted activities</p>

RefuSHE	<ul style="list-style-type: none"> Assists many unaccompanied and orphaned young refugee women in East Africa to design and produce hand-dyed textile products, had worked with 57 refugees by 2016; Engages these women to attain tailoring and entrepreneurship skills in order to become economically independent through making products and services for IKEA customers. 	R3-Refugee-supporting ventures R4-Refugee-supporting, Host-weighted activities
Kad Africa	<ul style="list-style-type: none"> Supports through its 'Experience' agricultural program, out-of-school girls and young women to grow passion fruit; Purchases 100% of the passion fruit at fair market price and processes it into pulp which is then sold to the Ugandan hospitality sector. 	R3-Refugee-supporting ventures R4-Refugee-supporting, Host-weighted activities

Company	Description of company	RIN lens
Social Innovation Academy's business incubator (SINA)	<ul style="list-style-type: none"> Empowers marginalized youth to become job creators by nurturing innovative project ideas into social enterprises with positive impact on society and the environment; Provides them with access to small amounts of start up capital to start their businesses. 	R3-Refugee supporting ventures R4-Refugee-supporting, Host-weighted activities

The Mikono project	<ul style="list-style-type: none"> Enables refugee craft artisans to enhance production, sell their goods, and maintain a steady income to promote self-reliance; Operates in Kenya but is looking to roll-out this project in other countries such as Uganda, Ethiopia, South Africa. 	R3-Refugee supporting ventures R4-Refugee-supporting, Host-weighted activities
Crisgrow	<ul style="list-style-type: none"> Supplies export markets with local fruits and vegetables grown by Ugandan small holder farmers. Farmers are given support through training in good agricultural practices to ensure customers are receiving the best quality products; Provides an opportunity to incorporate more members of vulnerable communities such as refugees in the value chain. 	R3-Refugee supporting ventures R4-Refugee-supporting, Host-weighted activities
Xuperior harvests	<ul style="list-style-type: none"> Works with small scale farmers primarily bridging their access to high value markets with core focus on grain commodities and has a branch in Northern Uganda which presents an opportunity to engage refugee grain farmers in the region; Offers services across the entire agro-commodities terrain, from contract farming, post-harvest handling, value addition to marketing. 	R3-Refugee supporting ventures R4-Refugee-supporting, Host-weighted activities
Agilis Partners	<ul style="list-style-type: none"> Agilis Partners, the parent company of Asili farms, is the largest grain and oilseed producer in Uganda on 13,500 acres of land in Northwestern Uganda; Works with a database of ~15,000 sourcing farmers to produce grains and oilseeds in Northwestern Uganda; 	R3-Refugee supporting ventures R4-Refugee-supporting, Host-weighted activities R5-Refugee-lending (farming inputs, etc.)

	<ul style="list-style-type: none"> Supplies aggregated produce through partnerships to hundreds of food manufacturers and protein producers across the region. 	
iGravity	<ul style="list-style-type: none"> iGravity is a Swiss investment firm that specializes in impact investment and innovative finance solutions. The company partnered with the Danish Refugee Council (DRC) to form the Refugee Investment Fund (RIF). The RIF offers patient capital of up to 5 years to local refugee companies and startups. 	<ul style="list-style-type: none"> R6-Refugee-investing equity fund

Geographical location contributes to the focus of initiative; most artisan initiatives are in urban and peri-urban areas, while agriculture initiatives are often closer to settlements. Most initiatives or companies that provide access to larger markets and brands to artisanry businesses are mainly spread within urban and peri-urban locations such as Kampala, Jinja, Gulu and Mbarara and target urban communities.

It is costly to move goods from settlements to urban markets due to long distance and poor infrastructure. Programs like Omwoleso are set in Kampala and peri-urban towns of Jinja, Gulu, & Mbarara with low associated transport costs. On the other hand, other models like Made51 with presence in settlements and settlements, receive funding from UNHCR with financial support from the US government to facilitate trainings and the movement of goods out of settlements in Kenya.

Agricultural initiatives that provide access to larger markets are largely spread in the West Nile Region and Southwest Regions in areas such as Nakivale, where refugees have access to land to support farming activities. Most refugees in the settlements actively engage in agricultural activities, mainly for subsistence, excess of which is sold to external parties such as Agilis farm centers. It is cheaper to engage agricultural initiatives in settlements due to access to land as a part of government initiative to increase self sustainability of refugees and host communities. The key challenge for private sector companies is aggregating the necessary produce volumes due to the need to collect produce from farmers located in different areas. As such, utilizing collection centers or using sales agents eases purchase of produce. Several initiatives increasing access to markets; Made51 and Twiga foods, are present in other markets, with key learnings that can be tailored in similar Ugandan initiatives.

Creating partnerships with various stakeholders is critical to the success of various initiatives in supporting access to markets.

Creating partnerships with various stakeholders is critical to the economic empowerment of refugee-led MSMEs and the success of initiatives supporting access to markets. Various businesses work with refugee owned businesses in settlements and settlements to aggregate supply of products and increase access to market for refugee products. Uganda's friendly refugee policy empowers refugees to gain employment,

own businesses, and acquire assets thereby encouraging more refugees to engage in empowering economic activities. Various businesses depend on partnership e.g., Omwoleso works with DHL to facilitate movement of products to other markets; MADE51 works with UNCHR to also facilitate movement of products

Businesses that leverage partners across the value chain are likely to more effectively provide access to larger markets. This can also provide opportunities for refugees and host community members to be involved across the value chain providing meaningful and gainful employment. Access to finance and technology development Financial service providers such as Opportunity Bank and Equity Bank provide access to a range of financial products for refugee businesses such as access to credit to refugees through various initiatives such as Omwoleso and MADE51 that utilize technological systems to market refugee goods.

Consolidation of trade opportunities in refugee establishments via one body using technology, for example a social enterprise that uses online marketplaces helping to avoid the need for refugees and host communities to interact with a fragmented market. Employability and capacity building Private sector companies facilitate training programs as well as provision of initial inputs by some, ensure quantity and quality of products are to meet the requirements of the markets for example, MADE51 facilitates refugees to make products using inputs it sources. Other companies provide additional capacity building programs to create more engagement with targeted refugees and thus providing source of income generating activities.

Access to internet services and engaging last mile logistics companies can further expose refugee products to other markets

Most refugee settlements are in remote regions that lack reliable roads and transport services and therefore hamper effective supply chain distribution. Lack of infrastructure to support the aggregation and storage of products. Unaffordable and unreliable access to electricity and internet can limit the ability of refugees to access platforms, learn skills, market products and communicate, hence hindering their opportunities to effectively engage

There are multiple ways support can be given help mitigate these barriers to refugee economic engagement, including:

- Engaging in last-mile truck logistics partners to aid in transporting goods from major distribution hubs to the shared warehouse and onwards to the settlement;
- Outsourcing last-mile distribution to specialist service providers or to third party companies who specialize in truck logistics to oversee physical transportation of goods from refugee establishments to other markets;
- Engage settlement stakeholders to create opportunities for aggregation activities;
- Providing spaces for the collection and storage of products can help to increase the capacity of goods available to off-takers, especially those with high volume demands. This can in turn help integrate refugees into the supply chain making them viable trading partners for the formal sector;
- Partnering with internet service providers or internet cafes in the settlements to help facilitate access to digital platforms;

- Engaging telecom providers and local internet cafes to offer subsidized or discounted packages for refugees to help increase their access to online marketplaces, where they can sell or market their products;
- Utilizing youth or internet café employees to train refugee traders how to use digital platforms to market and sell their products to other markets.

[Three *Access to Larger Markets* case studies can be found in Annexes 5 - 7]

6. Uganda: Inventory of Refugee Self-Reliance Initiatives

Uganda's large refugee population and liberal refugee policy environment has made it home to a plethora of refugee self-reliance initiatives and high-potential RLI partners. Indeed, this survey maintains that creating strategic partnerships with key stakeholders will be critical to the success of establishing an RLI ecosystem in Uganda. Yet, research suggests that there is very little intercourse between any of Uganda's numerous initiatives. To help catalyze RLI, and take advantage of potential synergies in refugee self-reliance initiatives, an inventory and assessment of initiatives was taken to shed light on their various strengths, targeted goals and the appropriateness for collaboration with JICA. [A summary of the key initiatives is captured in a table in Annexes 8 - 9:]

Major/Comprehensive Refugee Self-Reliance Initiatives and Investment Vehicles in Uganda

The Smart Communities Coalition (SCC)¹⁶⁴

Partners: Mastercard Foundation and USAID

About: The SCC enables innovative, sustainable approaches to the delivery of basic services, creating economic opportunity for the forcibly displaced and their host communities. Its network of public and private organizations boasts 50+ members and focuses on utilities: Energy; Connectivity; and Digital tools. The SCC seeks to improve outcomes for both the forcibly displaced and host communities by:

- Increasing efficiencies in settlement management and service delivery;
- Empowering forcibly displaced individuals to provide for themselves and their families;
- Equitably addressing the needs of host community members in and around targeted settlements;
- Improving stability in conflict-affected regions.

Geographic Focus

Uganda and Kenya (pilot countries)

The Smart Communities Coalition Innovation Fund (SCCIF)¹⁶⁵

Partners: EnDev, USAID and Power Africa

About: The SCCIF seeks to advance and accelerate the model of public-private co-design and co-implementation of programs in the humanitarian context. Managed by EnDev with funding from USAID, the SCCIF's first window focuses on access to modern energy services, providing support to entrepreneurs, companies, social enterprises, microfinance institutions, NGOs and consortiums to expand their delivery chains and bring innovative solutions to displaced populations including refugee settlements, settlements and host communities in refugee-hosting areas. Through this fund, managed by the International Finance

¹⁶⁴ <https://www.mastercard.us/en-us/business/governments/find-solutions/smart-communities.html>

¹⁶⁵ <https://www.usaid.gov/powerafrica/sccif>

Corporation, private sector companies and social enterprises compete for performance-based grants in five areas including energy.

For the first investment window in September 2020, a total fund structure of €360,000 was established for disbursement to successful applicants. Each successful applicant would receive between €10,000 to €120,000, depending on the stated needs and business model.

Geographic Focus: Uganda and Kenya

The Refugee Investment Fund (RIF)¹⁶⁶

Partners: iGravity, Danish Refugee Council (DRC)

About: The RIF is the result of a collaboration between the DRC and iGravity, a Swiss firm specialized in impact investment and innovative finance solutions. The RIF will offer patient investments of up to 5 years to local companies and start-ups. The RIF seeks to contribute to long-term improvements in quality of life and more durable solutions for refugee and host communities through making investments in relevant private sector enterprises that address critical impact gaps. Specifically, the RIF will employ a strategy to empower refugees and host communities rooted in a “Refugee Investment Lens” that addresses impact gaps including: Skills; Jobs; Access to finance; Access to (and development of) Goods and Services.

The RIF is an “impact first” fund, meaning that investments will be used as a tool to achieve social impact, rather than “finance first” investments that place a priority on financial return. The RIF is envisioned to be a blended finance mechanism and will deploy the majority of its capital as investments in the form of loans, equity, and guarantees (with the potential for other innovative finance mechanisms), while using a certain amount of capital as grants for technical assistance to investees.

Geographic Focus: Uganda and Jordan

Refugees in East Africa: Boosting Urban Innovations for Livelihoods Development (RE:BUILD) Project¹⁶⁷

Partners: International Rescue Committee (IRC), IKEA Foundation

About: Launched in April 2021, the IRC has been awarded a grant under the Refugees in East Africa: Boosting Urban Innovations for Livelihoods Development (RE:BUILD) project funded by IKEA Foundation to implement a €30 million, 5-year project in Kampala and Nairobi. The large-scale initiative will provide employment support to 20,000 refugees and other local community members living in Nairobi, Kenya and Kampala, Uganda.

The program focuses on three core pillars: Service Provision; Evidence and Learning; Influence and Adoption. The program will focus on sustainable self-reliance and wellbeing; gender equity and inclusion; local ownership; stronger market systems; urban resilience; client responsiveness; climate risk mitigation and adaptation; green jobs; community, private sector, and city government partnership and evidence generation. The program focuses specifically on promoting economic self-reliance for refugees and vulnerable host communities in Kampala and Nairobi by assisting (a) people to have sustainable

¹⁶⁶ <https://drc.ngo/our-work/what-we-do/innovative-financing/the-refugee-investment-fund/> and RIF Concept Note

¹⁶⁷ <https://www.rescue.org/press-release/ikea-foundation-awards-eu30-million-grant-international-rescue-committee-support>

livelihoods and (b) facilitating the creation of strong markets and effective and responsive city services that are accessible to all residents. RE:BUILD will offer apprenticeships, business grants, mentorships, skills training, and certification, and more.

Geographic Focus: Uganda and Kenya

Displaced Communities Fund (DCF)¹⁶⁸

Partners: Development World Markets, Innovest, Tent, UNDP, Innovest Advisory, Mastercard Smart Communities Coalition, Refugee Investment Network (RIN)

About: The DWM Displaced Communities Fund aims to invest in equity, leveraged by technical assistance in inclusive financial institutions and businesses serving or intending to serve forcibly displaced or migrant populations principally from Africa and the Middle East. The DCF is the first in a series of funds, and will aim to develop and demonstrate a market-based solution that scales and catalyzes capital towards improving self-reliance of forcibly displaced or migrant populations principally from Africa/Middle East via investments in financial inclusion and job creation, alongside a focus on gender equity.

Targeted fund size is \$50 - \$75 million, for ~12 years targeting refugees, IDPs, and vulnerable migrants. Technical assistance will take up to 20% of the total fund size. Average investment of \$3 - \$10 million. Target companies include mobile money, fintech, agribusinesses etc. and businesses providing products and services livelihood to displaced communities. The technical assistance facility will focus on 3 pillars: Investment preparedness; Development of Displaced focus; Research and insights.

Geographic Focus: Uganda, Kenya, Nigeria, Pakistan, Jordan, Ethiopia, and Colombia.

Financial Inclusion for Refugees (FI4R)¹⁶⁹

Partners: BFA Global, Financial Sector Deepening Uganda (FSDU), FSD Africa, Equity Bank, Vision Fund Uganda and the Rural Finance Initiative.

About: The FI4R project will provide insights into the financial strategies employed by refugees over time to build their livelihoods and manage their finances. The project includes a ground-breaking study that will track the financial lives of refugees in Uganda for 12 months. This study will inform the development of financial products and services offered to refugees and their host communities by three implementing partners: Equity Bank Uganda Limited (EBUL), Vision Fund Uganda (VFU) and Rural Finance Initiative (RUFi) and other market actors.

The implementing partners will be provided with funding and technical assistance to launch innovative projects which will create efficiency in humanitarian payments and provide relevant formal financial services to refugee settlements in the West Nile region and Isingiro District. These market-led

¹⁶⁸ <https://www.intracen.org/news/Anticipating-the-humanitarian-crisis-with-innovative-financial-means/> and DCF Concept note

¹⁶⁹ <https://bfaglobal.com/our-work/the-financial-inclusion-for-refugees-project-in-uganda-fi4r/>
<https://fsduganda.or.ug/wp-content/uploads/2021/06/Financial-Inclusion-for-Refugees-in-Uganda-Case-Study-by-Henry-J.-Leir-Institute.pdf>
<https://www.fsdafrica.org/publication/financial-inclusion-for-refugees-in-uganda-baseline-report/>

interventions are expected to enable better integration, strengthen the resilience of households by stimulating economic activity and increase take-home incomes.

Geographic Focus: Uganda

Financial Inclusion of Forcibly Displaced Persons and Host Communities Program¹⁷⁰

Partners: UNHCR, UNCDF, Grameen Credit Agricole Foundation, Swedish Development Agency (Sida)

About: The program aims to financially include refugees and host communities by encouraging market providers to reach this segment and ensure that the target populations are empowered to use the services to better their lives (2018 – 2022). The program supports providers operating in developing countries to reach refugee communities and other displaced populations as well as host populations, with demand-driven, client-centric products, services, and delivery channels. The program also engages at the policy and regulatory level to understand country and regional policies which affect refugees and host populations negatively, such as lack of identification papers, and work to address these issues. The research and knowledge products produced during the program will be made available to all stakeholders, adding to the limited pool of financial inclusion data for refugees.

The program offers loans and technical assistance to a range of institutions serving refugees - public, private and NGO. The funds will also be invested in market research and monitoring needed to ensure the success of the interventions.

Geographic Focus: Uganda, Cameroon, Chad, Democratic Republic of Congo, Ethiopia, Kenya, Rwanda, Tanzania, Zambia

The Prospects Partnership¹⁷¹

Partners: International Labor Organization (ILO), Government of the Netherlands, IFC, UNHCR, UNICEF, World Bank

About: Launched through an exploratory phase in 2018-2019, the PROSPECTS Partnership initiative is now entering the initial stages of its four-year implementation period (2019-2023). The program operates in eight countries across the Middle East and North Africa (MENA) and the East/Horn of Africa focusing on: Education and learning; Jobs and social protection; Protection and legal status.

In Uganda, this program is looking at durable solutions for refugees, using the Nakivale (Isingiro district in the South) and Rhino settlement (Arua district in the North) hosts South Sudanese refugees and is close to the borders of South Sudan and the DRC. To support the recovery of affected businesses, the ILO, through the PROSPECTS Programme, has launched a small business grant scheme, targeting 200 enterprises owned by refugees and host community members.¹⁷²

Geographic focus: Uganda, Ethiopia, Kenya, Sudan, Egypt, Iraq, Jordan, Lebanon

¹⁷⁰https://reporting.unhcr.org/sites/default/files/UNHCR_UNCDF_FinancialInclusion_ForciblyDisplaced_HostCommunities.pdf

¹⁷¹ https://www.ilo.org/pardev/news/WCMS_725948/lang--en/index.htm

<https://www.ilo.org/global/programmes-and-projects/prospects/countries/uganda/lang--en/index.htm>

¹⁷²https://www.ilo.org/global/programmes-and-projects/prospects/news/WCMS_814894/lang--en/index.htm

Tent Partnership for Refugees¹⁷³

Partners: Tent, Uber, Norwegian Refugee Council, Young African Refugees for Integral Development (YARID), Post Bank Uganda, Palladium, Equity Bank, Mastercard, IKEA Foundation, etc.

About: The Tent Partnership for Refugees is made up of more than 170 large multinational companies committed to including refugees. The members are based all over the world, and span industries from consumer goods and technology to financial and professional services. Tent works to integrate refugees into supply chains, invest in and hire refugees, and deliver services they need.

Uber aims to employ 1,000 refugee driver-partners on its platform in Africa by December 2022. Starting with a pilot of 50 refugees in Uganda and then scaling this initiative in Uganda and other countries in the region, Uber aims to provide further access to disadvantaged and underserved communities by connecting individuals to flexible earning opportunities.

Geographic Focus: Uganda and several other developing markets.

Cities Alliance¹⁷⁴

Partners: UNOPS, RIN

About: The global partnership fighting urban poverty and supporting cities to deliver sustainable development, hosted by UNOPS. This is a membership-based organization. Members provide strategic orientation and contribute to a multi-donor fund. This long-established program has developed initiatives targeting urban-based, self-settled refugees and recently released a report on work in Arua. It is actively seeking partnerships to extend both its municipal governance strengthening activities and refugee (RLI) investing generation program.

Geographical Focus: Secondary cities (not Capitals) in Uganda, Kenya, Ethiopia and other refugee-affected regions

KRIF¹⁷⁵

Partners: Kiva's crowd funding platform supports the Kiva Refugee Investment Fund (KRIF) and its support of refugee and host community micro-financial institutions (MFIs) like UGOFODE.

About: The Kiva Refugee Investment Fund (KRIF) invests in refugee and host community micro-financial institutions (MFIs) heavily impacted by human displacement. KRIF's first Uganda investment was in 2021 in UGOFODE.

Geographical Focus: Uganda and other East African markets.

East Africa Economic Inclusion Exchange¹⁷⁶

Partners: UNHCR, GoU, Private Sector Foundation (PSFU) and the EU.

¹⁷³<https://www.tent.org/tent-news/uber-partners-with-the-tent-partnership-for-refugees-to-provide-opportunities-for-refugees-across-africa/>

<https://thepalladiumgroup.com/news/Palladium-Partners-with-Tent-Partnership-for-Refugees>

¹⁷⁴ <https://www.citiesalliance.org/>

¹⁷⁵ <https://refugeeinvestments.org/opportunities/kiva-refugee-investment-fund/>

¹⁷⁶ <https://data2.unhcr.org/en/working-group/190?sv=47&geo=0>

About: The initiative intends to improve Uganda’s investment climate and increase investment is a partnership between the GoU, (PSFU) and the EU to spur sustainable growth and generate decent jobs. The program also seeks to align with the Africa-EU Alliance for Sustainable Investment and Jobs.¹⁷⁷ Accordingly, the stakeholders have prioritized: Skills Development; Access to Finance, Governance and Corruption. The stakeholders and selected European companies intend to also create a “Sustainable Business for Uganda (SB4U) Platform,” to improve the investment climate, strengthen trade and investment links between the EU and Uganda, and support the implementation of the roadmap.

Geographical Focus: Uganda

RLI in the Greater Horn of Africa¹⁷⁸

Partners: Refugee Investment Network (RIN), Acumen, SDC, Ikea Foundation and JICA

About: RIN and Acumen, in partnership with SDC, the Ikea Foundation and JICA, seek to assess the socio-economic landscape of refugees in Uganda, Ethiopia and Kenya and help to build the foundation for a new (RLI) impact investing ecosystem across the region.

Geographical Focus: Uganda, Kenya, Ethiopia

Other Refugee Self-Reliance and BDS initiatives:

Refugee Initiative	Partners & Donors	Description
Young Africa Works ¹⁷⁹	<ul style="list-style-type: none"> ▪ Mastercard Foundation ▪ Innovation Village 	The Mastercard Foundation’s new strategy, Young Africa Works, outlines how, over the next decade, Mastercard will focus on finding solutions to the youth employment challenge and reducing poverty in Africa. Innovation village currently trains youth groups in financial literacy and business skills development in host communities in Northern Uganda including Gulu and Lamwo and links them to banks like Equity Bank to acquire loans.

¹⁷⁷ European Union, Private Sector Foundation Uganda, Ministry of Finance, Planning and Economic Development, “EU-Uganda Roadmap to Improved Investment Climate.” 2019.

<https://www.ugandaeuropebusinessforum.com/wp-content/uploads/2020/01/EU-Uganda-Roadmap-to-Improved-Investment-Climate.pdf>

¹⁷⁸ <https://refugeeinvestments.org/>

¹⁷⁹ <https://mastercardfdn.org/our-strategy/young-africa-works/>

Support for Refugees and Host Communities in Northern Uganda Project ¹⁸⁰	<ul style="list-style-type: none"> ▪ GIZ ▪ Federal Ministry for Economic Cooperation and Development ▪ European Union ▪ Ministry of Local Government 	This project joins forces with the private sector to provide support for training facilities in developing and offering labor market-oriented vocational training and qualification measures in the craft trades and services sector. The project also trains employees to offer courses on starting a business and to support business start-ups. In addition, the project supports business start-ups by providing seed capital. The training measures help the target groups to acquire new vocational skills and to develop them during internships in the private sector.
Skills for Employment Project (SEP) ¹⁸¹	<ul style="list-style-type: none"> ▪ Windle International Uganda ▪ European Union Trust Fund 	Targeting three rural districts of Koboko, Yumbe, and Obongi in West Nile Uganda. SEP will directly target 1,000 youth aged 15-35 years (at least 50% female) who will benefit from free vocational skills training to support them in gaining marketable skills for more sustainable livelihoods. The training will also impart soft skills such as financial literacy and record-keeping, ICT, life skills and other employability skills. Upon completion, the trainees will receive start-up toolkits to start their enterprises.
The Youth Venture Capital Fund (YVCF) ¹⁸²	<ul style="list-style-type: none"> ▪ Government of Uganda 	The YVCF was established to operate through commercial financial institutions to provide subsidized credit to young entrepreneurs at a 15 % interest rate. Initially Stanbic Bank, DFCU and Centenary Bank were committed, but since 2016 only Centenary bank has provided loans. The fund has had mixed results, mainly due to the stringent requirements to access credit, including the requirement to have an established business and a guarantor backing the loan. YVCF did not support new enterprises and there has been low repayment and it has had a limited impact on actual job creation for young people. However, it has provided some refugee youth with access to capital.
The Agri-Business Skilling for Youth in a Refugee Context Project ¹⁸³	<ul style="list-style-type: none"> ▪ Dutch Ministry of Foreign Affairs ▪ ICCO (Part of Cordaid) ▪ ZOA Uganda 	This project aims to equip 5,000 refugee and host community youth with the skills for gainful self-employment in agri-business. It provides advanced business development services and helps groups to registrar for bank accounts as VSLAs.

¹⁸⁰ <https://www.giz.de/en/worldwide/74940.html>

¹⁸¹ <https://windleuganda.org/skills-for-employment-project-sep/>

¹⁸² <https://www.newvision.co.ug/news/1478274/govt-disburses-sh175b-youth-venture-capital-fund>

¹⁸³ <https://www.icco-cooperation.org/en/project/agri-business-skilling-for-youth-in-a-refugee-context-absyr/>

Student Training for Entrepreneurial Promotion (STEP) ¹⁸⁴	<ul style="list-style-type: none"> ▪ The German Academic Exchange Service (DAAD) ▪ Makerere University ▪ Uganda Martyrs University ▪ Nakawa Vocational Training Institute ▪ St. Joseph's Secondary School 	An entrepreneurship training program funded by The German Academic Exchange Service (DAAD) and implemented in partnership with Makerere University, Uganda Christian University, Uganda Martyrs University, Nakawa Vocational Training Institute, and St. Joseph's Secondary School. The program is designed for both Ugandans and refugees aged 18 to 35 to support youth entry into business and SMEs.
Youth4Business Innovation and Entrepreneurship Facility ¹⁸⁵	<ul style="list-style-type: none"> ▪ UNDP ▪ Stanbic Bank 	The aim is to tackle youth unemployment by focusing on impact driven innovation and entrepreneurship in sectors with a high multiplier effect for job creation and economic opportunities.
Resilient Africa Network (RAN) ¹⁸⁶	<ul style="list-style-type: none"> ▪ USAID ▪ Several African Universities led by MUK 	RAN is a partnership of 20 African universities led by Makerere University works to enhance innovative community resilience-related knowledge and share it globally, engaging students, faculty, staff, and development experts from around the world.
MTN Uganda-Skilling Program ¹⁸⁷	<ul style="list-style-type: none"> ▪ MTN Uganda ▪ MTN Foundation 	The MTN Foundation and MTN Uganda-Skilling Program launched a youth-focused initiative with the aim of equipping youth from refugee and host communities with the ICT skills and practical knowledge required to tackle community problems with innovative digital solutions. The program trains participants on skills that will accelerate the creation of innovative digital products and services that can then be applied to address pressing issues in education, health, agriculture, and youth empowerment.

¹⁸⁴ <https://step-training.com/>

¹⁸⁵ <https://www.ug.undp.org/content/uganda/en/home/youth4business/youth4business-innovation-and-entrepreneurship-facility-.html>

¹⁸⁶ <https://www.csis.org/programs/africa-program/archives/human-development/resilient-africa-network>

¹⁸⁷ <https://www.mtn.co.ug/impact/youth-program/>

Outbox EDU Initiative ¹⁸⁸	<ul style="list-style-type: none"> ▪ Outbox Uganda ▪ Women in Technology 	Outbox is a private sector initiative running programs that offer basic and specialized digital skills to refugee- and host-community youth. Outbox implements a series of 3-month boot settlements for women and girls with limited or no experience in software development. They also support education and training to support and encourage women and girls in technology. Outbox previously ran a project called "Up Accelerate" in Lamwo Settlement and West Nile.
Refractory ¹⁸⁹	<ul style="list-style-type: none"> ▪ Clarke International University ▪ Laboremus Uganda ▪ Fontes Foundation, 	Refractory is refugee inclusive and aims to support youth with the software development skills needed for employment. They run several programs with varying levels of commitment and intensity focused on providing the soft and hard skills necessary for the local and global tech industry. Training modules have been designed with ICT companies and follow industry standards and best practice methods.
Omwoleso ¹⁹⁰	<ul style="list-style-type: none"> ▪ Motiv Uganda ▪ Innovation Village ▪ Mastercard Foundation 	Omwoleso implemented by MoTIV Uganda, create a range of market linkages for refugee and host community "makers" or creatives, leveraging targeted partnerships

Community Technology Empowerment Network (CTEN) ¹⁹¹	CTEN is a refugee-founded and led organization, which began in 2016 as a community-based initiative in Rhino settlement refugee settlement in the West Nile region of Uganda. CTEN have launched The Refugee Host Population Empowerment (ReHOPE) Bridge Project. The project focus is digital literacy for refugee and host communities, which aims to create employment opportunities to enable livelihoods resilience for refugees and the host community. In January 2020, Over 600 students graduated from the project and some have already found employment with various NGOS and the Government of Uganda.
Rise Up Hub ¹⁹²	An economic empowerment initiative and social enterprise that runs a fashion hub and provides an innovative marketplace for products made by urban refugees in Kampala.

¹⁸⁸<https://outbox.co.ug/outbox-stories/outbox-edu-support-more-women-and-people-disabilities-start-careers-tech>

¹⁸⁹ <https://www.refactory.ug/>

¹⁹⁰ <https://omwoleso.africa/>

¹⁹¹ <https://www.gsma.com/mobilefordevelopment/region/africa/community-technology-empowerment-network-cten-a-refugee-led-initiative/>

¹⁹² <https://medium.com/@riseup4refugee/ojok-okello-on-rise-up-hub-a-fashion-refuge-for-urban-refugees-7e6b47a6a461>

Vision Fund ¹⁹³	Delivered by World Vision and partners, this fund serves low-income clients living in vulnerable and rural communities. It offers financial and livelihood solutions and empowers families to create income and jobs in West Nile (Moyo, Adjumani, Yumbe and Obongi). It offers a suite of products and services including microloans, savings programs, microinsurance, financial literacy training and education for refugees and other vulnerable communities.
Laboremus Uganda ¹⁹⁴	A fintech partner delivering digital solutions for banks and financial companies in East Africa and Europe (including compliance, digital signing and data protection); it works to bring financial technology to the underserved, including refugees.
Gulu University ¹⁹⁵	Gulu runs a small skills-transfer program for refugees and local host communities through the Faculty of Agriculture. The program is meant to support students to transfer existing knowledge and build skills in agribusiness, agricultural technologies and group management and dynamics in order to support successful agri-business.
Muni University of Technoscience ¹⁹⁶	In partnership with UNHCR and WFP, Muni University conducts short training programs for refugees, RLOs, and other organizations working in refugee settlements. Muni offers the only TVET program at the BA level in the Northern and West Nile regions in Uganda. Muni has a dedicated support staff to facilitate refugee enrolment.
Namasuba Colleges and Vocational Schools ¹⁹⁷	Located in Namasuba, the TVET has flexible entry requirements and offers scholarships for refugees. They provide support to refugee youth to access job opportunities through linkages with the private sector.
Community Empowerment Education and Development (CEED) ¹⁹⁸	An NGO working in partnership with CEED Concordia in Canada to empower young people to become positive change agents in their communities. Their Youth Entrepreneurship Program identifies 10 youth groups (50 young entrepreneurs) a year who participate in a rigorous training program and case competition to access start-up capital. Every year, three groups are selected and are supported with financing, workshops, mentoring, and technical backstopping during the course of their ventures.
Equity Group Foundation ¹⁹⁹	Equity provides access to credit and increased savings, growth of markets and jobs. Equity bank also trains refugees in digital financial inclusion and offers opportunities for refugees to work as bank agents.

¹⁹³ <https://www.visionfund.org/>

¹⁹⁴ <https://www.laboremus.ug/>

¹⁹⁵ <https://gu.ac.ug/>

¹⁹⁶ <https://muni.ac.ug/>

¹⁹⁷ <http://schoolsuganda.com/namasuba-college-of-commerce>

¹⁹⁸ <http://ceed.ug/welcome>

¹⁹⁹ <https://equitygroupfoundation.com/>

Community Empowerment for Rural Development (CDFORD) ²⁰⁰	A local NGO based in West Nile working to enhance the capacity of RLOs and CBOs to deliver programming and services to refugees and surrounding host communities. RLOs and CBOs are supported to deliver agriculture, livelihoods, education, and youth empowerment programming. In addition, CEFORD offers specialized training in community governance, service delivery, livelihoods, disaster risk reduction and humanitarian response.
Response Innovation Lab ²⁰¹	RIL creates an enabling environment for innovations to thrive in meeting the needs of vulnerable populations. Their labs serve all organizations involved in supporting a humanitarian crisis, including governments, NGOs, entrepreneurs, community-based organizations (CBO's) and academics, and the needs of the most vulnerable people. The labs support localized innovations in their context through investment to pilot, scale and ultimately bringing solutions to market.
Social Innovation Academy (SINA) ²⁰²	SINA runs a personal and business development program for disadvantaged youth and refugees in the form of a 9-month accelerator that can give more long-term support to social enterprises, including financing . SINA received support from UNHCR and UNDP to expand their program into refugee markets, a concept they are piloting in the Bidi Bidi and Nakivale settlements .

Refugee-led BDS organizations in Uganda

Youth Social Advocacy Team (YSAT) ²⁰³	A community empowerment RLO that works to address the increasing culture of violence within refugee communities and between refugee and host communities. YSAT works to build entrepreneurial skills and raise awareness of gender based violence prevention and peace-building in Rhino settlement.
African Youth Action Network (AYAN) ²⁰⁴	A RLO that offers entrepreneurial training and business development in nontraditional value chains such as crafts, shoe making and textile creation within the cottage industry. AYAN runs product development workshops within Kiryandongo settlement and works with partners to sell refugee-made products online (e.g., "collage," an online digital marketplace).
Da Vision Group ²⁰⁵	Located in Kyaka II refugee settlement, this RLO focuses on training women and girls in product and business development. They provide training in a variety of craft and service sectors, including bag making,

²⁰⁰ <http://ceford.or.ug/>

²⁰¹ <https://www.responseinnovationlab.com/>

²⁰² <https://socialinnovationacademy.org/>

²⁰³ <https://youthsat.org/about-us/>

²⁰⁴ <https://ayanafrica.org/>

²⁰⁵ <https://iawg.net/resources/an-look-inside-refugee-youth-led-srh-group-in-kyaka-ii>

	tailoring, wig making. The RLO also supports talent development through art, music, theater and drama.
I Profile Foundation ²⁰⁶	A RLO that promotes self-reliance and local integration by offering specialized skills for refugee led businesses through a variety of ‘labs’ (i.e., English, photography and multimedia, henna and makeup, etc.). This unique skilling program integrates financial literacy and entrepreneurial training, business incubation and acceleration. The program also provides seed funding and zero-interest loans to beneficiaries and alumni. There is an incubation center (Hope Hub) where refugee entrepreneurs and local stakeholders can come together; this has been an important space for facilitating refugee businesses into mainstream economic activities.
Patapia ²⁰⁷	Patapia is providing an economic engine to allow the world's most vulnerable communities to turn business ideas and opportunities into viable enterprises to achieve economic empowerment and independence. Patapia equips refugee women with the skills and resources to start and run their own Small and Medium Enterprises so that they can sustainably provide for their families without depending on donations and hand-outs.
Young African Refugees for Integral Development (YARID) ²⁰⁸	YARID is a community organization in Kampala founded by Congolese refugees that uses vocational and language skills training to address issues like ethnic conflict, unemployment, public health, and lack of access to education.
Bondeko Refugee Livelihood Center ²⁰⁹	Bondeko is a community organization in Kampala founded by Congolese that offers relief shelter to urban-based refugees and promotes integration and self-reliance through various capacity building and livelihood programs.
Girls Up Initiative Uganda ²¹⁰	GUIU that upskills at-risk women, youth, displaced people. The enterprise trains and graduates ~100 people annually, supports them to start businesses and export finished products to US and European markets. Mazuri is interested in expanding target groups to include refugees as they are already working with vulnerable host community members and are well-placed to upskill refugees and incubate micro enterprises.

Comparative analysis of refugee self-reliance initiatives in Uganda:

Uganda has seen a growing number of programs and initiatives working to build and scale sustainable solutions that create economic opportunities for refugees. These programs and initiatives span across donor-funded programs, NGOs, incubators, accelerators, funds, local Universities, and refugee-led organizations. The detailed overview of these initiatives highlights the strengths, weaknesses and blindspots of this work as it affects Uganda’s large refugee and hosting populations:

²⁰⁶ <https://iprofilefoundation.org/>

²⁰⁷ <https://www.patapia.org/>

²⁰⁸ YARID, <https://www.yarid.org/>

²⁰⁹ Bondeko Livelihoods Center, <https://www.bondekocenter.com/>

²¹⁰ <https://www.girlupuganda.org/>

Key Findings: Similarities and Differences of Refugee Self-Reliance Initiatives in Uganda

- While all the initiatives have IDPs / refugees, and host communities as their target beneficiaries, they largely focus on refugees in the settlements, not out-of-settlement with the exception of the IKEA/IRC RE:BUILD project and Cities Alliance that focus on Kampala (and Nairobi) and Uganda's secondary cities, like Arua. Several of the initiatives seek to improve the national (in and out-of-settlement) inclusive economy environment including RIN/Acumen and EU/PSFU;
- The initiatives with funds offer varying ticket sizes ranging from small individual refugee loans of €67 (UNCDF Financial Inclusion Program) to SME investments of between €10,000 and €120,000 (USAID SCCF). The DRC/iGravity RIF and DWM DCF are aimed at the "missing middle" with ticket sizes in the range of \$250,000;
- Some of the initiatives offer a technical assistance facility (DRC/iGravity RIF, DWM DCF, UNCDF Financial Inclusion Program) to foster investment readiness and capacity building of the enterprises and individual refugees;
- Grants and concessional loans seem to be the more common investment instruments, particularly grant funded technical assistance facilities e.g., iGravity RIF, DWM DCF, KIVA KRIF, RIN/Acumen, and (perhaps) Cities Alliance;
- A number of initiatives seek to address access to finance shortcomings in the Ugandan economy by offering direct loans to refugees and/or by investing in financial service providers who are targeting refugees. KIVA KRIF is perhaps the predominant player along with Equity Bank, Vision Fund Uganda, etc.;
- In addition to empowering SMEs that are supporting refugees, a good number of the initiatives have conducted research studies, adding to the pool of data on refugee livelihoods and/or access to finance including Cities Alliance (Arua) and IFC Prospects;
- A few initiatives have both a refugee and gender-lens e.g., IKEA RE-BUILD project and the DWM DCF;
- In Uganda, private sector-led initiatives sectoral focus most often includes agriculture, innovation & tech, energy and fast moving consumer goods (FMCG);
- Funders and partners sometimes overlap across several initiatives e.g., RIN is leading the RLI in the Greater HoA Initiative and participating on the Technical Advisory Council of RE:BUILD; UNHCR is engaged in both the Prospects Partnership and the Financial Inclusion of FDP & Host Communities Program; The Ikea Foundation is supporting multiple initiatives including RIN/Acumen, RLI in the Greater HoA, and the RE:BUILD project, etc.;
- Initiatives are intentionally targeting women and girls in their programs like Girls Up, Da Vision Group, and Outbox;
- Programs that target refugees do not always include host community beneficiaries or approach work through the RLI-approach;
- Provision of innovative financial products tailored to refugee needs remains low;
- Seed capital and financial support that is integral to entrepreneurship programs is still very limited;
- It is unclear if the entrepreneurship and skills development programs are yielding their expected outcomes;
- Incubation centers and entrepreneurship clubs are being set up in local universities to further skills of refugees and host community members;
- Non-academic institutions have pioneered training programs and curriculums.

Gaps within Refugee Initiatives in Uganda

- There is still limited recognition and thus numbers of donor-funded initiatives in Uganda focusing on urban refugees such as the IKEA / RE:BUILD project and Cities Alliance;
- For the initiatives that have identified refugee settlements to run pilots, they largely focus on the West Nile region in Northern Uganda, often neglecting settlements in Western and Southwestern Uganda;
- The ticket sizes for some of the funds are large – DCF aims to offer ticket sizes between \$3-8 million – greatly limiting the pool of potential beneficiaries. Only a handful of private sector players in Uganda can absorb such large amounts of investment capital;
- While refugee's self-reliance depends on their ability to enjoy the same rights as citizens living in their host communities: Not enough private sector-led initiatives (with the exception of Diwala) are supporting refugee admissions, integration, and access to basic rights, and easy work permitting. This includes assistance to new arrivals including language education, legal assistance, identification, access to affordable and decent housing, recognition of foreign qualifications.

7. Uganda: Conclusions & Way Forward

Uganda occupies a unique position as both host to one of the largest refugee populations in the world, and supportive of an open door policy environment that provides wide latitude for refugee social and economic integration. Yet significant barriers continue to prevent Uganda's refugee population from taking advantage of the relatively free policy environment they live in. Market barriers to refugee investing are compounded by limited access to finance, employment, training and business opportunities, frustrates entrepreneurs and job seekers alike. Limited access to basic services like education, healthcare, housing, connectivity and technology, stunt human development and hinder growth and engagement. Policy and administrative-state failures – e.g., difficulty accessing documentation – further complicate efforts to promote and achieve self-reliance.

Taken together, the market and policy barriers identified in this study present challenges to impact investing through the RLI. However, this work has also carefully identified numerous points of entry for engaged partners.

Increased Private Sector and Government Engagement:

Development partners like JICA can support the integration of the private sector into refugee initiatives by working with both the government and private sector. By inviting the private sector to participate in the development of refugee programs and initiatives and by contracting with them to help provide services, development partners can help to manage this important cross-sectoral work and integration. Working with the government and private sector partners can also help strengthen and enforce existing refugee rights and policies and lead to the improvement of badly needed infrastructure in Ugandan settlements and host communities.

Financial and non-financial incentives for the private sector will also help to encourage engagement within the refugee space. So too will the sharing of data, (e.g., around refugee and host community economic activities; languages spoken; demographic information; refugee qualifications and skill sets; or, other potential economic opportunities), from well-positioned sources like OPM, would enhance private sector engagement. All of these actions would help the private sector better understand how they can fit into the refugee/host community space to help achieve economic growth and other common goals.

Indeed, integrating the private sector into refugee programs or initiatives can help boost engagement among key stakeholders. The government can help increase private sector engagement by improving the enabling environment or by contracting and incentivizing private sector companies to engage the refugee sector. Increasing access to flexible finance also incentivizes private sector participation thereby supporting businesses to test new business models and expand into untapped refugee settlements and urban enclaves.

Innovative finance mechanisms such as guarantee facilities, first-loss vehicles and results-based financing are examples of how capital can be deployed to increase access to finance and help de-risk private sector investment. Creating coordinated efforts with development partners, NGOs, and DFIs that share similar goals can help to prevent duplication of programs and effort within the space as well as magnify impact. Business development services (BDS) can further help support and train refugees in the necessary skill sets to effectively work with private sector companies. Finally, stakeholders can work with private sector

companies to understand critical training components and provide the necessary training to refugees through various technical assistance programs.

There are several ways development partners like JICA should encourage the government and private sector to play their roles more effectively: The government can provide incentives to the private sector like tax breaks, or trade concessions to companies employing refugees or by purchasing products from refugees and host communities. Including private sector perspectives in the design of multi-year programmatic refugee agendas can help improve understanding of private sector interests and vice versa. Regulatory sandboxes that allow private sector players to test out innovative business models in collaboration with and under the supervision of regulatory bodies would allow private sector partners to de-risk and pilot engagements. The outcomes of these pilots could help guide the formation of enlightened regulatory policy for millions of Uganda's refugees and hosts.

The improved integration and coordination of thought leaders like JICA with the private sector and government is likely to be fundamental to the success of refugee self-reliance efforts.

Increased Engagement with Refugee-Led Organizations:

Various refugee businesses depend on private sector partnerships, e.g., Omwoleso works with DHL to facilitate movement of products to other markets; MADE51 works with UNCHR to facilitate movement of its products. Businesses that leverage partners across the value chain are likely to more effectively provide access to larger markets. This can also provide opportunities for refugees and host community members to cross the value chain and provide meaningful and gainful employment leading to economic empowerment and self-reliance for refugees.

Access to finance and technology development is also a key potential outcome of RLI/private sector partnerships. Financial service providers such as Opportunity Bank and Equity Bank provide access to a range of financial products for refugee businesses such as access to credit to refugees through various initiatives such as Omwoleso and MADE51 that effectively utilize technology systems to market refugee goods.

Employability and capacity building also stem from partnerships: Private sector companies facilitate training programs as well as the provision of initial inputs to ensure that both quantity and quality of products meet the demands of the markets, (e.g., MADE51 facilitates refugees to make products using inputs it sources). Other companies provide additional capacity building programs to create more engagement with targeted refugees, thus providing a source of income generating activities. Private sector partnerships can also increase access to new supplier bases.

Limited partnerships with off-takers, buyers, or other platforms hinders ability to purchase additional refugee made products, yet consultation with relevant stakeholders to identify and implement trade structures for mutual benefit can help to generate sufficient buy-in from private sector players. Thus development partners like JICA can incentivize private sector companies to consider designing pilots for the refugee context, for example, using de-risking grants targeted at market entry, or subsidies to cover higher-risk premiums associated with engaging more transient communities with limited production capacity.

Key considerations and best practices to drive successful private sector engagement include:

- Aligning interests to ensure private, public and refugee interests are clearly stated and complementary;
- Defined roles and responsibilities that clearly articulate and help to ensure stakeholders remain accountable, which helps to build trust;
- Dedicated engagement that establishes points of contact and platforms that can share relevant information helps to improve interoperability and allow both refugee-led organizations and private sector players to reach out for clarification when necessary;
- Highlighting to large buyers the impact their engagement can have to convince them of the importance of working with refugees and create demand for goods;
- Leveraging industry and sector umbrella bodies and community associations that can act as program ambassadors to mobilize potential businesses that can be engaged intentionally to work with and/or employ refugees. Local government officials, Chambers of Commerce and other civil society actors can help through the establishment of mentoring and apprenticeship programs and by tailoring BDS programs to refugee needs;
- Development partners can partner with large off-takers through incentives to increase opportunities for refugees and host communities to market their products e.g., subcontracting some tasks to refugee entrepreneurs or businesses;
- And, partnering with government to leverage its trade positions in key foreign markets to promote exports of Ugandan artisanry products and agricultural goods.

Leverage Existing JICA Initiatives with Complementary Refugee Initiatives

Comparative analysis of the manifold self-reliance initiatives for refugees in Uganda yields a short-list of potential candidates for partnership. As chapter 6 illustrates, a number of significant partnership opportunities fit JICA's preferred roadmap. **Cities Alliance's** work in Arua and in other Ugandan "secondary cities," helping provincial government officials work with urban refugee and hosting populations seems to be a natural fit. So too is continued engagement with RIN and the **RIN/Acumen** "RLI in the Greater Horn of Africa" project. Other initiatives, especially those focused on the extension of investment capital, e.g., funds, seems to be of secondary importance/interest for JICA at this time. However, other initiatives, like the IRC/Ikea Foundation **RE:BUILD** project in Kampala (and Nairobi) present interesting opportunities for technical assistance, private sector engagement and BDS training. It also presents an opportunity to pilot work with JICA colleagues in Kenya on the same urban-refugee initiative. Kiva's **KRIF**, aimed at MSMEs through microfinance institutions, presents an interesting and low-cost/low-risk way to engage in the critical "access to finance" space with excellent partners while linking the engagement with other JICA initiatives, like NUFLIP.

Considering JICA's potential technical assistance program in Arua, and RIN's association with Cities Alliance, with its program on municipal governance, private sector and refugee and host community engagement, and CA's interest in RLI, seems to be a natural partner. Similarly, RIN's strong alliance with RE:BUILD's, and the initiative's expressed interest in partnering with JICA on TA, BDS and other initiatives suggests they would be another natural partner. Finally, and rounding out possible partners in the year ahead, KRIF has expressed to RIN a similar interest in TA support for its many RLI MSME clients.

Indeed, there are multiple possibilities for RLI engagement through JICA programs and in partnership with other initiatives: JICA's private sector program could engage within any of the aforementioned TA or private sector initiatives including with Japanese capital or business partners (e.g., Itochu Industries);

Japan Overseas Cooperation Volunteers (JOCV) could engage in BDS training when they return to Uganda; and, JICA's municipal governance strengthening initiative, i.e., "Project for Strengthening Resilience in Refugee Hosting Districts of West Nile Sub-Region", could align with Cities Alliance in Uganda, or in other neighboring countries, especially in Kenya.

JICA's partnership with OPM could also be leveraged along the lines discussed above: Drawing on OPM's access to data and ability to share it with the private sector. JICA's strong farmer-to-farmer work, West Nile Agroforestry Program and NUFLIP could partner with GADC along lines previously discussed, including the provision of agricultural inputs for farmers, the integration of improved agricultural extension work through GADC's network of refugee and host farmers and suppliers. JICA's NUFLIP Initiative, Agroforestry, and Peace-Building Programs could further be brought together to complement Cities Alliance's "secondary cities" refugee and host community platform in Arua to strengthen refugee and host participation in value and supply-chains, and social stability/cohesion building.

JICA's agricultural programs could also be brought to bear to help improve agricultural storage and improved data collection, two areas of expressed need by Agilis Partners, with its large agricultural scheme just south of Kiryandongo Settlement, at "Asili Farms" (see RLI opportunity detailed above). Indeed, as another interested RLI partner, Agilis would be willing to go-to-market as an RLI and begin to intentionally employ refugees and host community members from Kiryandongo District in their agricultural labor force with a minimum amount of technical assistance and outside support from a development partner like JICA.²¹¹

Similarly, JICA programmatic outreach to other agricultural aggregators in the West Nile Region and across northern Uganda could leverage RLI to help strengthen relationships with the private sector, NGOs, the Minister of Agriculture and other government initiatives targeting the social and economic integration of refugees and hosts in northern Uganda. JICA's Economic Growth and Grants and Loans teams could also help address Ugandan refugees' limited access to finance through support of KIVA's new Refugee Investment Fund (KRIF) investment in UGAFODE,²¹² and refugee settlement savings groups or lending circles, like Patapia, a refugee-led micro-lender to refugee women.²¹³

One or more of these ideas, combined with the supporting research, data, case studies, RLI Uganda pipeline, contacts and personal relationships, could be combined to create at least one pilot JICA RLI initiative in 2022. This sandbox of ideas, data collection and storytelling could form the framework for continued development of RLI best practices and development, both regionally, in East Africa.

The creation of an RLI impact investing ecosystem in Uganda and is at hand. Interested capital partners know "why" to invest; they are only waiting to see "how". And as a leading member of the Ugandan (and global) development community, JICA has an opportunity to show the way forward in the introduction of innovative solutions that help mitigate the defining social challenge of our time.

²¹¹ Telephone Interview with Chase Howard, Agilis Partners, September 21, 2021.

²¹² See description KIVA description of UGAFODE microfinance initiative and watch for forthcoming updates on KIVA's, Refugee Investing Fund's ("KRIF") partnership with UGAFODE: <https://www.kiva.org/about/where-kiva-works/partners/222#:~:text=The%20combination%20of%20seasoned%20leadership,in%20western%20and%20central%20Uganda.>

²¹³ Interview with Rebecca Aime, President, Patapia, November 19, 2021. See: <https://www.patapia.org/>

8. Jordan: Executive Summary

This report provides a clear set of recommendations to act on the mapping, findings and analysis conducted as part of the RIN's survey in Jordan, with the ultimate objective of increasing the realization of RLens Investment potential in Jordan.

It is important to state that the root causes of displacement have to be addressed alongside targeted interventions and recommendations like ours, tackling issues of conflict and climate change, amongst others. This report cannot be read or interpreted in isolation from that context. However, it is equally important to state that the intentional practice of refugee lens investing and similarly, inclusive economic development, is still relatively new as a field and needs the necessary attention, resources and action to realize the enormous potential for a market like Jordan. This report should act as a key milestone, resource and call to action for those working to build a more inclusive economy in the country, whether at community, government, enterprise or investor level.

Jordan, like any other country, presents a specific context, set of opportunities and challenges. This survey has provided us with the means to explore this context with a depth and level of detail that is required when applying a new approach. We have been mindful to avoid falling into the trap of multiplying the significant number of challenges to build up to the conclusion of "we can't do anything". Rather, our work has embodied the spirit of the RLens, taking a fresh perspective and identifying pathways that circumvent as well as address issues in order to build more sustainable, inclusive economic participation.

We believe that this research comes at an opportune moment:

- From the outset of the survey, we have been told by donors and the government that it is important to see beyond the context of Syria when it comes to refugees and Jordan. This has allowed us to take a wider perspective, perhaps, than surveys and research previous to ours, particularly when looking through the lens of economic empowerment, development and inclusivity as opposed to humanitarian support.
- The donor cycle of programming appears to be at the point where a large number of economic focused programs are beginning their inception and implementation phases. While our work and this survey will not be able to influence the design of those programs, there is significant opportunity to shape the delivery of them by sharing insights and recommendations to support inclusive outcomes when it comes to economic growth. United States Government and European Union (EU) funded programs present particular opportunities in this regard.
- Covid 19 has reshaped the needs of Jordan and the action that is required to address that need. In response, the Government has launched a series of reforms and plans to address this new reality. We have identified a number of areas throughout the report where the Refugee Lens (RLens) can play a role in shaping this reform agenda. There is also a clear need to respond to the global health and economic crisis brought about by Covid 19 to look at important global issues and challenges through the lens of fresh approaches, offering space for the RLens to be applied.

Our survey, work and report has focused around three central pillars of the ecosystem in Jordan: Communities; Policy; and Enterprises and Investors.

For **communities** it is important to stress that no two experiences are the same. We have invested our time and resources in hearing directly from refugee groups. There is a clear disconnect between what the

presumed experience and actual experience is when it comes to starting businesses and participating in the economy. This is both in terms of what is perceived to be possible, on both sides, and what is actually allowed. This ambiguity means there is an inconsistent application of the “rules”. It is also important to be clear that policies which govern refugee and vulnerable communities are being seen through the perspective of both a security and economic issue, which are not often considered together.

The **policy** framework around investment, labor and financing suffers from multiple rules for multiple groups, shaped by politics, time and geography. There are immediate opportunities to apply findings from our research into current reform efforts, but it needs commitment, time and resources. Policy must be seen in the context of politics, in particular the issues of political will and the role of the US, given the scale of US Government funding across the development and humanitarian sectors in Jordan and the resulting level of influence with the Government.

We have uncovered a significant number of **RLens investment opportunities** at enterprise and fund level, providing a series of opportunities to take forward through existing products and making suggestions for new mechanisms and approaches to meet the demand for investment. We have made recommendations for specific opportunities that, if taken forward, can significantly further the application and realization of the RLens in Jordan.

The report concludes with a series of evidence-based recommendations and actions that can be taken which can be summarized as:

- 1** Deploying catalytic capital, through JICA, to RLens Investment funds investing in Jordan

- 2** Providing Technical Assistance to the wider community of Funds on the RLens

- 3** Improve DFI and donor coordination to increase speed of decision making on deals and deployment of capital

- 4** Provide support to Jordan NAB to advocate for the RLens and build a more convincing, investor centric narrative for Jordan as an investment destination.

- 5** Support alternative finance opportunities and pathways, increasing the application of the RLens in existing mechanisms and tools

- 6** Support alternative finance opportunities and pathways, increasing the application of the RLens through new, innovative mechanisms and tools

- 7** Provide support to MFIs to develop RLens instruments and tools to better assess and respond to actual needs of refugee customers

- 8** Support the simplification of regulation and incorporation of the RLens in specific policy areas to increase opportunities for refugees and Jordanianians to start, build and grow their businesses

- 9 Improve and better reflect the skills and ambitions of refugees to match the regulatory environment and prevent training programs that support skills in sectors that are closed to refugees.
- 10 Provide tailored, specific support to enterprises with existing and potential RLens use case application



9. Jordan: Context

This document serves as the final report for the Data Collection Survey on Refugee-Related Business and Social-Investment (the “Project”), specific to Jordan. It should be read in the wider context of the full report submitted to JICA by RIN, while recognizing the differences between this and the report covering Uganda. The ultimate intentions and objectives of this report are to:

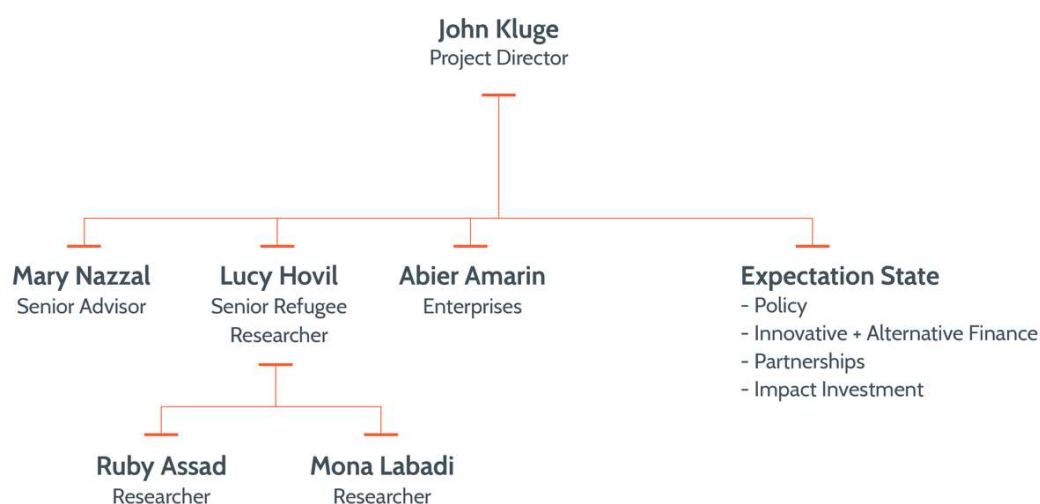
1. Demonstrate the opportunities and currently unmet potential of applying the RLens to investment in Jordan, supported with evidence and analysis;
2. Provide conclusions, insights and recommendations to JICA (and the wider ecosystem) to inform future application of the RLens in Jordan to maximize take-up of the opportunities presented, in line with the project’s Terms of Reference²¹⁴.

This report is the culmination of eight months of research in Jordan. This report draws significantly on the products that the team has produced and submitted to JICA over the course of the research, including:

- Literature Review
- Interim Report
- Regulatory Framework Analysis and Business Registration Summary
- Opportunities and barriers to economic integration for refugees living in Jordan
- Investment Pipeline and Use Cases: Enterprises, Funds and Microfinance Institutions

Team

Our team composition has reflected the requirements of the project and the context of Jordan. It has included the RIN core team, RIN consultants and a subcontracted local partner, Expectation State. The organogram below provides an overview of the team.



²¹⁴ Project ToR as agreed with JICA during the inception phase in April 2021

Approach & Methodology

As the below graphic depicts, our approach was to deliver the research over five interlinked phases applying the appropriate methods to each phase.

May - June Phase 1	Foundation	Output
	Provided through the literature review to place the project in the context of Jordan and the region, both in terms of refugee and host communities and in terms of investment flows and mechanisms.	Literature Review (Submitted)
July - September Phase 2	Discovery	Output
	<ul style="list-style-type: none"> - Mapping, data collection, and analysis of policies and regulations that are relevant to refugee and host communities (labor laws and regulations, business regulation, investment and economic policy, development plans) - Mapping the investment landscape and community demographics. 	- Data capture in Google-sheet (Internal use)
August - November Phase 3	Build & Test	Output
	<ul style="list-style-type: none"> - Interviews, site visits, focus groups and further desk based research to summarize the features of refugee-related business in Jordan, incl. opportunities and challenges - Build up clearly defined hypotheses about critical barriers and enablers of refugee-related businesses testing where appropriate 	<ul style="list-style-type: none"> - Interim Report (Submitted) - Policy Paper (Submitted)
October - December Phase 4	Apply	Output
	- Packaging up refugee lens investment opportunities in a pipeline and bespoke case studies to share with selected investors, policy makers, donors and other members of the ecosystem	<ul style="list-style-type: none"> - Refugee Community Analysis (Submitted) - Investment pipeline / Use cases (Submitted)
January - February Phase 5	Verify	Output
	- Structured verification of activities, mapping and analysis to ensure fidelity of hypothesis and engender buy-in from ecosystem	<ul style="list-style-type: none"> - Final Report - Summary presentation for ecosystem stakeholders

1. Foundation (May - July). This phase focused on completing the literature review, placing the project in the context of Jordan and the region, both in terms of refugee and host communities and in terms of investment flows and mechanisms. This provided the core text from which our research has built on, serving as text for the interim report submitted in July and the foundational basis for other products. It also provided a framework for the next phases of research through the articulation of broad research questions, entry points and areas for further inquiry. The review was completed by Senior Researcher, Lucy Hovil, with contributions from the rest of the team as required.

The starting points and survey assumptions based on the country context generated from the Foundation phase included:

- The legal and regulatory framework will offer opportunities for change;
- Specific laws and regulation can be identified and analyzed, but will require detailed engagement;
- Laws and regulation will be applied in practice in a way that does not reflect what is written;
- Information and data on enterprises will be held by donors and implementers and they will be willing to share;
- Opportunities for RLens investment exist in Jordan but are likely nascent or dormant, and tied in part to the maturity of the broader impact investing ecosystem;
- Relating to the above, a framework and collective action support structure may be an essential but currently missing component of the existing RLens ecosystem in Jordan;
- Conversely, the application of the RLens can provide a catalyst for investment in refugee and host communities;
- Basic investor facilitation exists in Jordan;
- Refugee and host communities will benefit from investment.

2. Discovery (June - September). This phase canvassed widely across the ecosystem to build a rolling picture of the challenges, obstacles, opportunities, realities, gaps, confusion and emerging themes with respect to RLens investing. We did this by completing a comprehensive ‘systems of systems’ landscaping, as articulated in the Inception Report. This includes:

Mapping, data collection, and analysis of policies and regulations that are relevant to refugee and host communities (labor laws and regulations, business regulation, investment and economic policy, development plans). We identified relevant policies and built an understanding of how they should be applied and how they are actually being applied by the “users” of the regulation and laws (businesses, lawyers, investors). Analysis included identification of where policies and regulation can be adapted to facilitate RLens investment, spotting opportunities such as the Social Enterprise legislation currently being developed. It also identified geographic areas of opportunity such as communities in the South and other areas of incentives and lower levels of regulation.

Mapping the investment landscape and collecting data on RLens investment potential. This started with the mapping of those organizations supporting inclusive economic growth and investment in refugee and host communities, building an existing picture of where enterprises are located, the sectors they are in, the populations they serve. Donors and implementers such as UNHCR, UNRWA, UNDP, DRC, IRC, Mercy Corps and many others have programs that serve our target communities, providing valuable insight and information to draw on. We gathered information through desk-based research and interviews. We were also able to draw on Business Associations, municipalities and Free Zones to gather data on enterprises and investment trends and challenges. Having built a picture of the ecosystem through this largely secondary research, we then prioritized primary research within target communities to better understand where the opportunities and challenges are.

In hindsight this mapping of both policy and regulation and investment ecosystem was important to do alongside each other as the relationship between policy and application is dynamic and at times complex. In order to fully appreciate the relationship between policy and the ecosystem we had to build an understanding and picture in tandem, ensuring we did not miss key insights and opportunities, and to identify opportunities early in the project cycle. For example, in the early days of implementing the Investor Card policy, different institutions had different interpretations and application on the policy requirement which resulted in imposing more challenges on refugees (mainly Syrians) during the registration process and limiting the number of refugees who are able to comply with the minimum policy requirements. However, with proper communication between relevant institutions, namely Jordan Investment Commission (JIC) and Ministry of Industry Trade and Supply (MoITS), this issue could be resolved; RIN recommends JICA follow up with the Minister of Investment who advised his team to look into this.

3. Build and test. Having successfully mapped across the ecosystem we identified the most pertinent opportunities, challenges and entry points for the application of the RLens. We drew entry points at varying levels, from the enterprise level, sector level and geographic level, identifying the most promising opportunities to apply the lens to. Building on the mapping and analysis of the discovery phase, we used interviews, site visits, focus groups and further desk-based research to summarize the features of refugee-related business in Jordan, including opportunities and challenges, and built up clearly defined hypotheses about the critical enablers of refugee-related businesses. During this phase, we began to identify and summarize possible approaches and recommendations for JICA and other development partners and the private sector that encourage refugee-related business and investment in the specific context of the targeted areas. This phase included a comprehensive set of interviews (over 70) across the broad range of refugee communities in Jordan and began the listing of enterprises and funds that have identified use cases for the RLens.

4. Apply. This phase focused on analysis, applying all the work delivered up until this point to build recommendations that will engage, catalyze and bring investment. This included packaging up RLens investment opportunities in a pipeline and bespoke case studies to share with selected investors in the future. The ultimate goal was to have built the evidence base through landscaping and analysis that can lead to investors incorporating the lens in their allocation strategies and products. This also included building and deepening opportunities for JICA to support this process beyond this research.

5. Verify. We have completed a basic verification phase, following up with selected interviewees and conducting a series of workshops to review our original hypotheses and products to ensure that we provide JICA with a comprehensive set of conclusions. We also plan to conduct some dissemination activities with key, identified partners to strengthen our conclusions and engender buy-in from the ecosystem, time and contract permitting. This will include packaging up the report findings into a more digestible format and identifying appropriate opportunities (webinar, meetings, joint presentations) to share the findings with relevant members of the ecosystem, led by the RIN in close coordination with JICA.

Methodology

As detailed in the project proposal and in keeping with the approach set out above, our methodology has incorporated mixed methods, primarily:

1. Desk and document review;
2. Background interviews;
3. Specific, focused interviews across key identified groups.

45 

Documents reviewed

Details of research tools over the course of the survey

100 

Interviews conducted

7 

Groups interviewed

Document Review

Documents were collated across the team and documented by the Senior Researcher, Lucy Hovil, in a shared team database. These documents were read and summarized by the relevant team member and then used by the team to inform key products during the project, including the literature review, policy analysis, community analysis, interim report and enterprise and fund landscaping and analysis.

Background interviews

The following groups were included:

Donors and implementers

to collect insight and information on previous, existing and future programming in order to understand which communities, sectors and geographies have been supported and help us gather information on enterprises that are/or could offer a RLens. These included the likes of JICA, UNHCR, UNRWA, UNDP, UNICEF, USAID, DRC, Mercy Corps, IRC and the UK Government.

Business Associations, local Government, free zones and Chambers of Commerce

to collect data and insight on enterprises within specified geographic areas and sectors, informed by donor and implementer interviews, providing a broad map of enterprises and the sectors they are serving, allowing us to prioritize business specific interviews based on data. This included the geographic regions of Irbid, Amman and Aqaba.

Government Ministries and regulators

to map and analyze investment and economic based regulation and its application to refugee and host communities. This required directly contacting officials to understand the regulations and laws being used, and how.

Displaced communities, enterprises, entrepreneurs and business owners

to hear directly from refugee and host communities about the communities they serve, the challenges they face and opportunities that they can take advantage of.

Jordan based Incubators, accelerators and Funds

to build a map of the different funds that exist and are being planned in Jordan. This offered the opportunity to assess which programs are best suited to the RLens and which can be incentivized to prioritize applying it. Interviews included the likes of 17 Ventures, Amam Ventures, iGravity, ISSF, Endeavor and many others.

International investors and DFI

to inform, educate, and test, building on funds and investors that are applying/considering the RLens to better understand how their products can be applied to Jordan, and/or their willingness to use the lens as a path to more direct engagement in the Jordanian economy.

Banks, lawyers, lenders

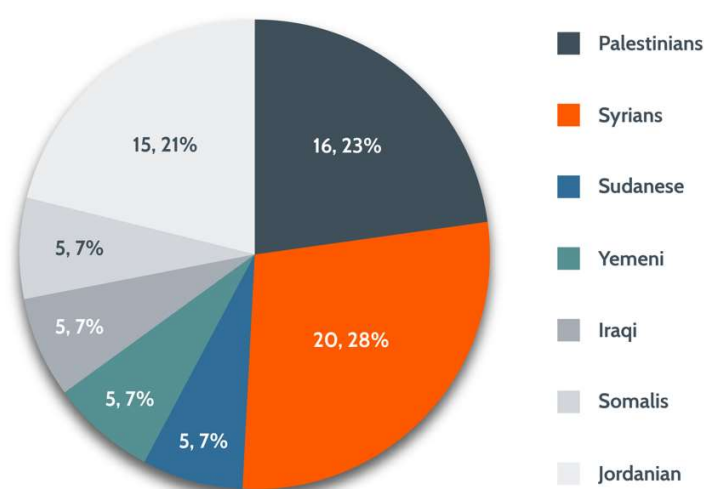
to understand how regulation and incentives are being applied by banks and the challenges they face when lending to entrepreneurs & MSMEs, helping to identify opportunities to apply innovative finance solutions in order to catalyze lending for RLens opportunities.

Specific, focused interviews and document review for key identified groups.

Following the initial round of 37 background interviews, we highlighted three key areas of research to focus on and build a more detailed picture of the ecosystem. These areas are in line with the RINs' "system of systems" approach, taking account of three pillars, namely: Communities; Policy; and Enterprises and Investment. In the RIN's view, it is vital that these three components are considered when it comes to growing greater levels of economic inclusivity, particularly when it comes to refugees. Other, related efforts tend to focus on one, or at best, two of these components, often creating critical gaps in understanding the inclusive ecosystem as it is and as it could be, often resulting in further marginalization of displaced communities and/or slow or non-existent RLI capital deployment. This approach therefore forms the core of RIN's market assessment methodology. In Jordan, we used the background interviews to validate this approach for and identify early areas of inquiry for the survey.

1. Community and Demographics

Qualitative data collection was carried out in Jordan by two local researchers with relevant research experience, language skills and access to displaced communities. Research locations were chosen to cover areas where significant numbers of displaced people are currently living and ensure a cross-section of nationality groups, including Jordanians who live and work in areas where there are significant numbers of refugees. Data collection took place in multiple locations in and around Amman (including Sweileh, Jabal Amman, Wadi Saqra, Jabal Nuzha, Marka, Jabal Al Weibdeh, Marj Al Hamam, Deir Ghbar, Jabal Hussein, and Amman Down Town), in Zarqa Governate bordering Amman, in Za'atari and Azraq camps (both for Syrian refugees), Jerash camp (for Palestinian refugees from Gaza) and neighbouring Jerash town, in Ma'an Governorate in southern Jordan, and in Irbid Governorate in northern Jordan. In each location, respondent categories were determined in order to ensure a robust mix along lines of nationality, gender, age, economic status and displaced/non-displaced.



Nationality of those interviewed as part of the Community and Demographics research over the course of the survey

71 
Interviews conducted

30 
Women interviewed

41 
Men interviewed

 Broken down by nationality as the graphic depicts

Breakdown of interviews over the course of the survey

2. Policy and Enabling Environment

We undertook an in-depth analysis of the regulatory framework in relation to refugees' integration in the Jordanian economy by reviewing the relevant laws and regulations in relation to the investment environment, Home Based Businesses (HBBs), labor market and the banking and access to finance sectors. The main objectives of the analysis were to identify refugees' ability to engage with the investment environment and economic activities, and access the formal banking system, identify any challenges and barriers, and suggest interventions to further improve refugee integration in the market. The regulatory framework assessment was built on the following areas of research:

- The information and details collected from the literature review analysis and interim report.
- Workshops and interviews that have been conducted with different refugee groups.
- Interviews with policy makers and main ecosystem stakeholders including financing institutions, banks, VCs.
- Review of the relevant laws, regulations and policies.

3. Enterprises and Funds

Our mapping and analysis was based on the RIN's RLen framework, building a pipeline of investments by demonstrating use cases that already qualify or could potentially qualify for a Refugee Lens Investment (RLI) according to the definition of the RIN. To recap, RLen businesses take into consideration ownership, leadership and the enterprise's support to refugees within their host communities. An enterprise would qualify for RLI if it meets one or more of the following criteria²¹⁵:

R1: Refugee-Owned

Enterprise is at least:

- 51% Refugee-Owned; OR
- 20% Refugee-Owned and have at least one refugee listed as a "key person" in operating documents

R2: Refugee-Led

Enterprise has:

- A. At least one refugee in senior management (e.g., CEO, CFO or COO); OR
- B. A board with at least 33% refugee representation.

R3: Refugee Supporting

A project that provides or has the potential to provide a good or service that supports humanitarian efforts; or, an enterprise or investment that intentionally supports refugees through the development of infrastructure and services that buttress stability in disproportionately large displacement hosting cities/communities by providing infrastructure, jobs (*a commitment of at least 20% of workforce*), skills, products, or services to refugees that demonstrably improve the quality of refugee self-reliance, resiliency, health, education, or inclusion in financial markets.

R4: Refugee Supporting - Host Weighted

If they support host community businesses and the sponsor commits to adopt a policy to source at least 10% of all sub-contracting for the project from refugee-owned businesses. Deals must demonstrate either a minimum current percentage of refugee jobs or a commitment to increase their hiring within a reasonable timeframe to that level.

R5: Refugee Lending Facility

A debt instrument will be considered a Refugee Investment if refugee-owned/-led enterprises, refugee-supporting enterprises, or refugee borrowers will be the recipients of at least 25% of the loan proceeds.

R6: Refugee Funds

²¹⁵ The Refugee Lens: A framework to define and qualify refugee investments:

Private, alternative investment vehicles (e.g., private equity, venture capital, or portfolio structures deploying debt and/or equity) with investment strategies such as late-stage venture, growth equity, or expansion financing that have:

- A. A fund manager or general partner that is at least 20% Refugee-Owned or controlled; OR
- B. Portfolio companies that are Refugee-Owned, Refugee-Led, or Refugee-Supporting (each term as described above) making up at least 33% of the vehicle's portfolio.

We mapped over 200 enterprises and investment opportunities across MSMEs and Startups from different sources including incubators and accelerators, VCs and financing institutions, with an objective of identifying and building a pipeline of investments for a RLens.

- Based on publicly available information and on recent activities of these MSMEs and startups, and based on our knowledge of the sector and connections with the startup ecosystem, only 107 companies were identified to be still active on the date of drafting the report.
- 43 companies out of the 107 active companies were qualified to either directly or indirectly apply an RLens by either being a refugee owned or led business (R1 and R2), or refugee supporting business (R3 and R4).
- RLens companies were segmented per sector, geography, gender ownership and stage of the company.
- We interviewed 10 companies to build an illustrative investment database.

We mapped 37 incubators and accelerators who:

- Are actively investing in Jordan as a primary focus and secondary focus on the region or international markets.
- Have an investment policy to invest in the region and hold a portfolio of Jordanian companies.
- Who have an investment policy to invest in the region and the mandate to invest in Jordan, however not actively investing in Jordan.
- Accelerators who invest directly in their portfolio companies.

In addition to that, we interviewed a number of financing institutions in Jordan including banks, venture capital funds and other financing institutions including several that are applying the RLens (R5 and R6).

Examples of organisations filtered and interviewed over the course of the survey



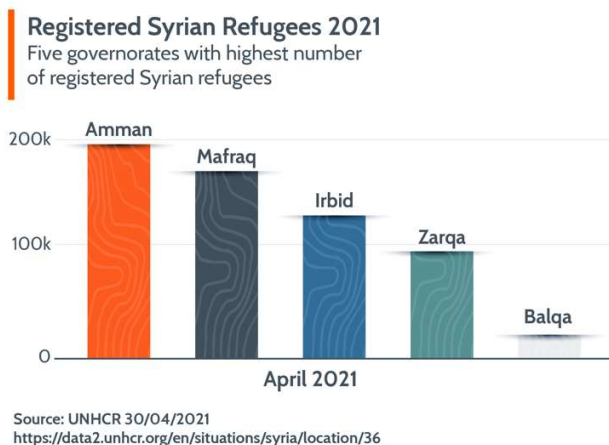
10. Jordan: Communities & Demographics

Overview

Building a detailed understanding of the experience of refugees and the wider population in Jordan is fundamental to identifying how RLens investment can promote and generate greater inclusivity. This is an area that we have prioritized, combining literature and document review with over 70 interviews to build a picture of the context and specifics of the refugee experience in Jordan.

Jordan is one of the world's largest refugee hosting countries relative to its population. In addition to hosting a large number of registered refugees from Syria, Jordan is home to various communities of asylum seekers, refugees and migrants from other countries such as Palestine, Iraq, Sudan, Somalia, Yemen, Egypt and Pakistan. Many of these migrant and refugee communities live outside refugee camps. The Government of Jordan and non-governmental organizations (NGOs) have been working together to address the needs of vulnerable populations in host communities and camps. Vulnerable out-of-reach communities (VOCs) are settled throughout Jordan especially in rural areas and often move within the country to access services or livelihood opportunities. According to a study conducted by REACH on those communities, the majority of VOC households were Syrian (96%) and 3.6% were Pakistani. Other nationalities (Egyptian, Palestinian and Yemeni) made up 0.45% of the surveyed population²¹⁶.

Jordan officially hosts 658,000 **Syrian refugees**, but unofficially, it is thought to be in excess of 1.3 million. Although Jordan has three formalized refugee camps for Syrians, 81 percent of Syrian refugees live in Jordanian cities. The capital Amman and the northern governorates of Irbid and Mafrq alone host over three-quarters of the Syrian refugee population in Jordan. The Syrian displacement crisis affected the Jordanian labor market in terms of downward pressure on wages, increase in child labor, displacement effects – especially for lower skilled jobs and migrants.²¹⁷



Demographics at a glance:

Syrian refugees in Jordan are disproportionately young, with 48 percent of the refugee population under age 15. With an average of five family members, Syrian refugee families are more likely to have a female head of household. As stated, the large majority of Syrian refugees live in urban areas, with four percent in rural areas and 13 percent in official camps.

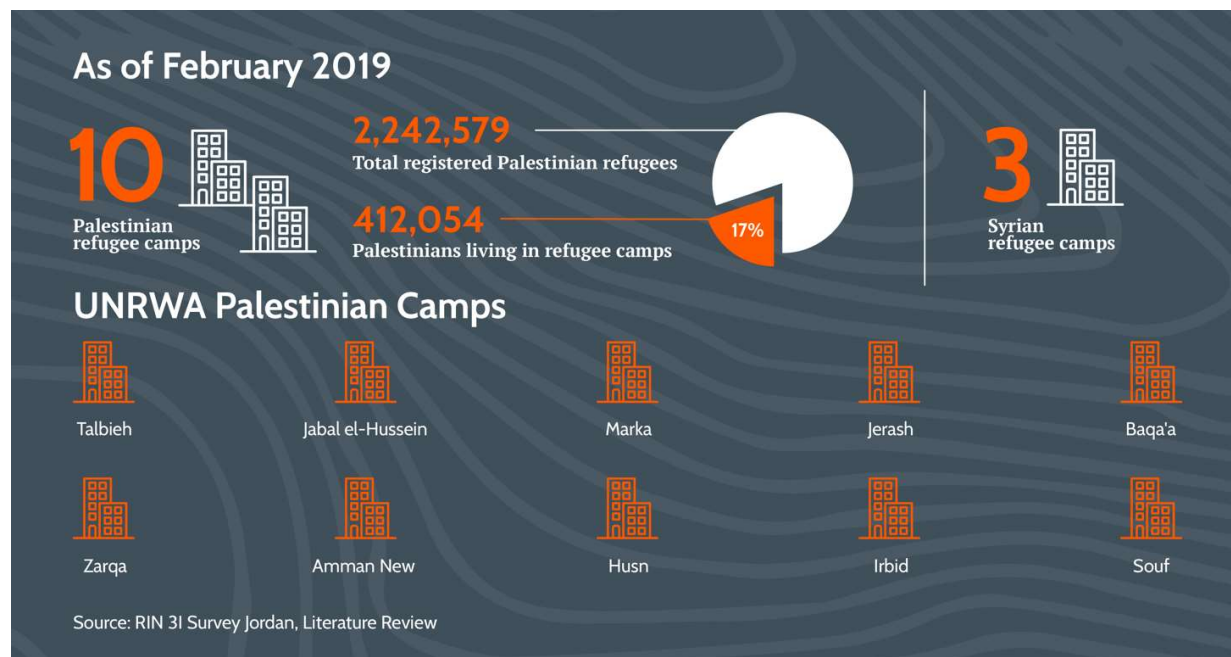
Refugees' settlement location has varied by year of arrival. Almost all (97 percent) who arrived in 2011 lived amongst host communities in 2016. The percentage of Syrian refugees residing in official camps, as of 2016, increased progressively for later arrivals, as border authorities became more adept at directing asylum-seekers directly to formal camps, and the conditions for leaving camps became more restrictive.

Amid aid cuts and the COVID-19 pandemic, most Syrian families rely on humanitarian assistance to meet their basic needs. Before the pandemic, Syrian refugees living outside of camps spent more than two-

²¹⁶ REACH Jordan VoC Assessment, 2020

²¹⁷ ILO Syrian Refugee Crisis - Jordan

thirds of their monthly household budget on shelter, leaving few resources for food, health or education. They often resorted to negative coping mechanisms such as cutting meals, child labor, or early marriage. This is a rising concern as more urban refugees and host communities have faced difficulty accessing basic services and earning an income due to the COVID-19 containment measures. Despite the improving regulatory conditions under the Jordan Compact, restrictive regulations and practices limit refugees' opportunities for formal employment and self-employment.²¹⁸



Palestinian refugees first arrived in Jordan during the 1948 Arab-Israeli War, with a second wave coming in the wake of the 1967 War, leaving Jordan to host around 2 million Palestinian refugees in the country. Jordan also hosts nearly 10,000 Palestinian refugees from Syria who face numerous challenges regarding their refugee and legal status. Today, most Palestinian refugees have full citizenship in Jordan, but a large percentage live below the national poverty line and lack access to quality education and health care.²¹⁹

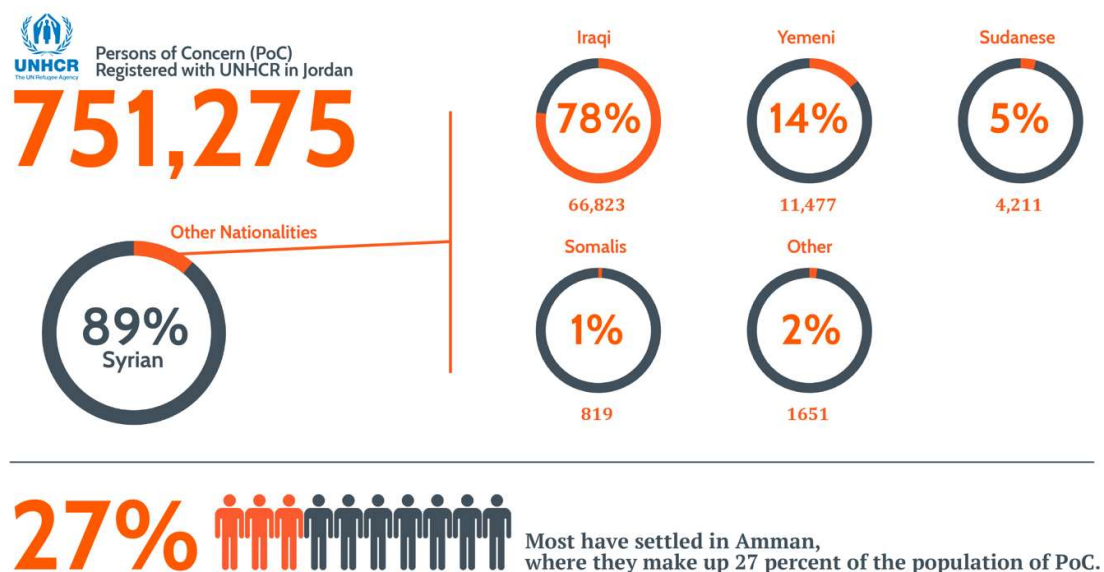
Gazans in Jordan are doubly displaced refugees. Forced to move to Gaza as a result of the 1948 war, they fled once more when Israel occupied the Gaza Strip in 1967. Estimates of the number of Gazans in Jordan range between 118,000 and 150,000. A small number have entered the Jordanian citizenship scheme via naturalization or have had the financial resources to acquire citizenship. Many Gazan non-citizens live in Amman and other Jordanian cities. A significant proportion live in two camps run by UNRWA. Most of the 30,000 residents of Gaza (also known as Jerash) camp are Gazans while a few thousand of the residents of Hittin camp are 1948 refugees, subsequently displaced from Gaza.

²¹⁸ MENASP - The employment of Syrian Refugees in Jordan

²¹⁹ National Poverty Line: is the dividing line between income and consumption of the poor and the non-poor. The individual is considered to be poor if his consumption is below the minimum level of the basic needs of the individual and the minimum value of the basic needs of the individual is defined as the poverty line according to the Jordanian department of statistics as of March 2021. The absolute poverty rate in Jordan for all the population stood at 14.4 percent in 2010, which increased to 15.7 per cent in 2018, whereas this poverty rate is only for Jordanians, meaning that more than 1 million Jordanian live below the poverty line (NSPS, 2019-2025) - National Social Protection Strategy-Jordan (2019).

Restrictions have been imposed on these Palestinians under Jordanian law, in terms of the right to own properties, work, receive medical treatment, study and join trade unions, which have resulted in high poverty and unemployment rates.²²⁰ Additionally, Gazans were treated differently from other Palestinian refugees as they were not given any national ID numbers but instead were given temporary passports. According to UNRWA, ex-Gazans lack legal status in Jordan and are denied many of the basic services and rights afforded to pre-67 refugees, including access to state schools, government employment, and healthcare.²²¹ Adding to the very challenging conditions of Gazans in Jordan and especially camp residents, UNRWA reported in 2020²²² that almost half of the respondents (49.6 per cent) indicated that their work was disrupted by COVID-19 with a significant difference between females (75 per cent) and males (37 per cent) during the COVID-19 crisis.²²³ This has been further exacerbated by the increased pressure on UNRWA following the funding withdrawal by the US Administration in 2018. Interviews with UNRWA confirmed that while funding has been reinstated, it is not at previous levels, leaving significant gaps in support and delivery.

As of March 2020, UNHCR indicated that there are around 67,000 registered **Iraqi refugees**, mainly in Amman. Our research suggests that the Iraqi refugee community in Jordan is underserved by the Jordanian government and that their lack of any official status is making their situation far worse. Iraqi refugees in Jordan report unemployment (90.0%), poverty (91.4%), anxiety and depression (42.0%), fear



Source: RIN 3I Survey Jordan, Literature Review

and insecurity (8.7%), isolation (6.6%)²²⁴.

²²⁰<https://adnanabuamer.com/post/2510/why-is-jordan-preventing-gazan-refugees-from-doing-their-jobs>

²²¹ <https://reliefweb.int/report/jordan/born-bred-without-rights-gaza-strip-refugees-jordan>

²²² <https://www.un.org/unispal/document/unrwa-rapid-socio-economic-study-of-the-effects-of-covid-19-on-palestine-refugees-in-jordan>

²²³ <https://www.compas.ox.ac.uk/2020/forgotten-palestinian-refugees-in-jordan-during-the-covid19-crisis/>

²²⁴ https://www.researchgate.net/publication/233013797_Iraqi_refugees_in_Jordan_Lessons_for_practice_with_refugees_internationally

Officially, the lack of official status for Iraqi refugees is related to the fact that Jordan has not signed nor become a party to the Convention relating to the Status of Refugees of 1951 (1951 Convention) or its 1967 Protocol. In the absence of special legislation addressing their status, refugees and asylum seekers in Jordan are subject to Law No. 24 of 1973 concerning Residency and Foreigners' Affairs. Jordan has done far more to honor the spirit of the Convention as a non-signatory than many countries who have signed the Convention do. In fact, many signatories have violated the terms of the convention. Given how much Jordan has done for both Palestinians and Syrian communities in different ways and at different times, without being a signatory, the non-signatory status of the convention by Jordan does not appear to be a blocker to providing official status to other communities, which begs the question: why is this being applied to the Iraqi community? Our detailed research highlights that Iraqis are very scared of being 'caught' working, as they believe they will be deported to Iraq. This has made them vulnerable to poor work conditions and exploitation. Similar is true of Somalis, Sudanese and Yemenis. With Syrians and Palestinians, there is not a fear of deportation as, if caught, Syrians generally get sent to the camps but can then leave again.

Other communities

While the Syrian, Iraqi, and Somali populations are balanced by gender, a much higher proportion of Sudanese, and especially Yemenis, are men of working age. Earlier studies of those PoC who are most vulnerable concluded that those from countries other than Syria may be the most impoverished. Currently all Iraqis, Sudanese, and Somalis, as well as Yemeni males aged 18-49, require pre-approved visas to enter Jordan. Most of them cannot secure annual residency and start accruing overstay fees as soon as their entry visa expires. If they do not pay these overstay fees before leaving Jordan, they are barred from re-entering for five years. Almost all funding for refugee response in Jordan has been directed to Syrians and vulnerable Jordanians through the Jordan Response Plan. Those from countries other than Syria have less access to services and often fewer legal rights. In spite of the limited funding available, UNHCR has continued to provide assistance to non-Syrian refugees, as they are mandated to do. The channels for getting government approval for projects targeting asylum seekers and refugees from countries other than Syria are different than they are for projects targeting Syrian refugees, with approvals going through the Ministry of Social Development or Ministry of Trade and Industry, the relevant line ministry, and then finally the cabinet.²²⁵

According to a study conducted by the Norwegian Refugee Council in 2019 on refugees other than Syrians, Sudanese and Yemeni refugees face numerous challenges in obtaining jobs (reinforced by the fact that they were not included in the Jordan Compact which gives access to Syrians for getting work permits) leading them to work informally and in lower skilled work.

The majority of Sudanese in Jordan came to the country as a direct result of the conflict that began in Darfur in the late 1990s. Despite the 2011 Doha Document for Peace in Darfur, the fighting continues. The spike in Sudanese arrivals in Jordan in 2013 and 2014 is directly connected to this ongoing violence.

Navigating a challenging policy environment: The lived experience

Formal opportunities for refugees to work are contingent upon multiple factors, including nationality, legal status (whether or not they have refugee status), where they are living (in particular, whether they are in a camp or not), age, gender and length of time in the country. The policy environment places varying

²²⁵ <https://reliefweb.int/sites/reliefweb.int/files/resources/71975.pdf>

levels of restrictions on these different sub-groups of refugees, either on their right to work or on the types of work they are allowed to do. These restrictions also have a direct impact on their ability to access loans and credit in order to start a business or grow the business they have already started.

Documentation and access to work

One of the key factors that determines not only the type of work refugees can do but the level of safety and reliability of that work revolves around whether or not they have the correct documentation both to work and to carry out the type of work they are doing.²²⁶ While a small minority of those interviewed have work permits that match the work they are doing, the vast majority are working without work permits – and, therefore, are technically working ‘illegally’.

Some do not have work permits because they are not legally able to get one (either because they are excluded on the basis of their legal status or because they do not have the correct paperwork to apply for one); others do not have one because the type of profession they are seeking is considered a restricted or closed profession and work permits are not allowed for non-Jordanians in these professions; while others do not have one because they do not see the benefit of applying and paying for one when set against the cost²²⁷.

Syrian refugees

The findings indicate that a core factor in relation to documentation was contingent upon a refugee’s nationality, and whether or not they had official refugee status. For instance, in theory Syrian refugees who are registered with UNHCR and have a government issued ID card through the Ministry of Interior have a legal right to work in particular sectors, contingent upon them applying for and obtaining a relevant work permit. For those living in camps, a work permit allows them to leave the camp on a

“A work permit is necessary because it enables me to work outside the camp and outside of our house, especially considering that our house is small with a family of six members.”

Syrian woman

regular basis, which is critical for accessing opportunities and markets outside the camp. Work permits provide refugees with the documentation necessary for moving in and out of the camp. One woman even spoke of how she has a work permit so that she can go to the medical center outside the camp whenever she needs to rather than using it for work.²²⁸ In practice, however, the interviews show that many Syrians find the current system both restrictive

and expensive and have opted to work without a permit or with the wrong permit as a result. For instance, a Syrian man living in a camp who works as a plasterer outside of the camp originally paid the annual fee of 60 JDs for a construction work permit. He then heard that the fee had increased and that he was expected to pay an additional monthly amount for health and social security (previously covered by UNHCR). He could not afford the increase, particularly as a result of a decrease in demand, which he attributed to the impact of Covid-19. Yet in order to move in and out of the camp he needed a work permit, so he opted to buy an agricultural permit for 10 JDs per year instead. He is still working as a plasterer outside the camp, but is doing so with the wrong permit. And even with the cheaper permit,

²²⁶ Anyone working in Jordan without Jordanian citizenship or residency is supposed to have a work permit

²²⁷ As per findings from the Policy mapping and analysis, for open sectors, employers are responsible for paying the work permit fees by law.

²²⁸ Interview with Syrian woman, camp resident, 4/11/21

he is not sure if he will be able to continue to pay the monthly and annual fees as work continues to be unreliable.²²⁹

Likewise, for Syrians living outside of camps, work permits were also seen as both limiting and unhelpful. It is worth noting that Syrian refugees are eligible to apply for flexible work permits in both the agriculture and construction sectors, pointing to the disconnect between what regulation allows and how it is perceived to apply.

“With a work permit I cannot do much work and it is almost useless, since it is only limited to agriculture and not construction. Considering my background in construction and not agriculture a work permit is useless. It is also expensive, which means most of us can’t afford it.”

Syrian refugee

A number of Syrians interviewed also said that they did not want to apply for a work permit because it meant that they would no longer receive humanitarian assistance, and they were not sufficiently confident in their ability to earn enough money to take the risk of losing this assistance. While most of the Syrians interviewed who did not have the right permit expressed regret that they were working ‘illegally’ as a result, most did not believe they were taking a significant risk to their own personal safety by working in this way. Therefore, they take the risk of working illegally with its associated consequences rather than endure the cost of paying for a work permit that was seen to have minimal benefit attached. But this often came at significant price: as explored below, it left many of them exposed to exploitation in situations where they were forced to partner with Jordanians in order to ‘legitimize’ their work.

Others, particularly in Ma’an who had been established for a number of years, said that they had obtained a work permit a number of years ago, but had not renewed it. This points to some of the ways in which the need for work permits changes over time. Our research shows that the Ma’an community was active in welcoming Syrian refugees into the area at the beginning of the Syrian refugee crisis. They helped them find livelihoods, and secured job opportunities for them in various sectors including agriculture and construction among others. As a result, many refugees are working in the area as farm laborers, tailors, barbers, shop sellers, waiters, and restaurant owners. Many of the local Jordanians partnered with refugees to help them obtain official work permits and, in some cases, invested together with them. Refugees interviewed in Ma’an said that they have encouraged other family members and friends to join them in Ma’an, because it is somewhere they feel welcome. Syrian refugees have built a strong community in the area. More recently, they have been joined by refugees from Yemen who have also found opportunities and a welcome. The findings indicate that legal recognition of their status to work, while important, can be superseded by broader acceptance in a particular location and reduce the need for documentation. In other words, their legitimacy to belong in a particular locality plays a role in their ability to work.

Other nationalities

²²⁹ Interview with Syrian man (Gaza), camp resident, 4/11/21

Non-Syrians (with the exception of some Palestinian refugees) who are registered with UNHCR have no legal right to work and have no choice but to work in the informal sector where they can work under the official radar. Other newcomers who are not registered with UNHCR can apply for work permits in professions that are open to foreigners, but only if they have all the legal papers and are able to pay the fees. The vast majority of those interviewed, therefore, were working but did not have a work permit.

“The problem is I know I am not allowed to work ... so when I go to work I am always worried about being caught. I can’t use public transport so the people I work for come to pick me up.”

Somali woman

only has a Sudanese passport with no work permit or ID document that permits him to be in Jordan legally, he is limited to working as a daily laborer on construction sites around Amman. His work is sporadic, and sometimes he gets no work for several days. He has accumulated significant debt as a result.. When he does work, his average daily wage is between 7 and 10 JD per day, which is less than Egyptians working on the same site receive.

While many are able to access informal work without a permit, their lack of legal permission to work limits the type of work they can do and their safety in carrying out their work. A Sudanese man who arrived in Jordan having fled Darfur and registered as a refugee with UNHCR has waited five years for his refugee status to come through. He has a Bachelor’s degree from Sudan, but because he

“We are paid less because we don’t have work permits, so we have no choice but to accept work at a lower pay.”

Sudanese man

Many other examples of these experiences were highlighted over the course of our research, all pointing to the risk of exploitation, the fear of arrest and punishment and lack of economic and physical security.

“I do not need a work permit as my work did not ask me for a work permit yet, but I am afraid that due to Social Security inspections and requirements they might ask for a work permit. If that happens, I’m afraid they will make me pay for the previous period and that would be a big amount of money for me to pay.”

Palestinian man

Camp-based Palestinian refugees from Gaza are also supposed to have a work permit to work outside of the camps. However, many said that they are not asked to get work permits by their employers and many work without one as a result.

Many of the Palestinians from Gaza who were interviewed expressed extreme frustration that after so many decades living in the country, they still did not have full Jordanian citizenship. As a woman in a camp told us, “for years we have been asking the government to treat us as the sons and daughters of Jordanian women – to allow us to have our civil and political rights, so that we have no need for a work permit, which will enable us to engage in the workforce and be productive.”²³⁰

²³⁰ Interview with Palestinian woman (Gaza), camp resident, 28/10/2021

In general, and regardless of nationality, the extent to which the authorities check for work permits seems to vary significantly according to location and the type of work being done. During a focus group discussion in Ma'an with a group of Syrian refugees, they spoke of their preference to work in the south of Jordan than the north given greater inclusive conditions.²³¹ By contrast, those working in factories in Irbid need to have the correct work permit, particularly since Covid: "Now they are checking that the Palestinians have a work permit. Work permits need an amount and are renewed every once in a while, I believe it costs 60 JDs annually. But for me, as I work inside the camp, I do not need it, nor a certificate of practicing a profession, licenses, and so on. I only need to pay the rent of my shop to the shop owner"²³²

"A work permit is very important because when I have a work permit, I can go anywhere outside the camp and get a job with ease."

Palestinian woman

While documentation was often a limiting factor on the ability to work and the type of work permitted, there were examples of refugees who had navigated their way around the system. For instance, one interviewee spoke of how they had managed to avoid getting a work permit by registering his business as a not-for-profit.

"I do not need a work permit as I have registered my own company... After struggling to find a job, I found out that if I registered my company I do not need to have a work permit anymore; this is a great legal loophole in the Jordanian Law, so if we need to hire anyone holding Gaza strip ID we will register 0.1% of the company share in his/her name to avoid issuing work permits and to enable people to work and improve their livelihood condition."

Palestinian refugee

Another interviewee likewise showed how he had navigated his way around the system in setting up a center for disabled children. He was not allowed to set it up outside the camp due to his legal status, so he set it up inside the camp. The quality of the services he offered were such that it attracted significant numbers of clients from outside the camp – who are now in the majority. Jordanians from the nearby town, therefore, bring their children into the camp to be looked after by a refugee-owned and refugee-led center. He currently employs four Palestinian refugees and has made a significant profit.²³³

Entrepreneurship, bank accounts and credit/loans

While the previous two stories demonstrate that it is possible to work around the system, in reality the majority of those interviewed did not have the correct documentation. And working without the correct documentation is often indicative of – and often leads to – a wider set of challenges faced by refugees who want to work and/or build a business.

Barriers to registering their business or assets was a key issue that was raised by many of those interviewed. For instance, the majority of refugees, regardless of nationality, talked of how they had to

²³¹ FGD with a group of Syrians (3 men and 3 women), Ma'an, 24/11/2021

²³² Interview with Palestinian woman (Gaza), camp resident, 30/10/21

²³³ Interview with Palestinian man, camp resident, 17/11/21

‘partner’ with Jordanians who would register their assets or business on their behalf because they were not able to do so themselves.

While it is important to stress that not all relationships with Jordanians were negative and exploitative, the point here is that refugees struggle to formalize their businesses through registration, which then makes them vulnerable to exploitation.

Linked to this is the fact that many of those interviewed were deeply frustrated that they were not able to get loans in order to either set up a business or expand their business. There were a number of challenges to getting loans identified by those interviewed. It is worth highlighting that Jordanian startups and entrepreneurs also face challenges in accessing loans from commercial banks in Jordan.

“If I get a work opportunity, I need a contract to guarantee payments. As a refugee, I can’t do official paperwork in my name, and therefore I need the locals to have the contract under their name. I had experiences in the past where I took a job like this, but my Jordanian sponsor started to mess me around. So, most of the time I prefer to do ad hoc work that has a daily payment.”

Syrian refugee

Although few were able to access loans from banks, a number of refugees had managed to gain access to credit through locally-based, informal savings groups. For instance, a Palestinian refugee had started her own beauty salon by selling her jewelry. She then borrowed money from a women’s money-saving co-operative that she and others had set up in the neighborhood to provide capital and expand her business. “I was not able to take official loans from banks and companies because of the tight situation, and thank God, I paid [the cooperative] back.”²³⁴

The findings show, therefore, that many refugees are working *despite* the policy environment as evidenced by the fact that they are working without the correct documentation and without residency. This confines the majority of refugees to working in the informal sector in order to stay under the official radar; and it means that they are unable to register their businesses and assets and secure loans.

This has a number of implications. First, it means that many refugees are feeling disempowered by their situation as they are unable to progress in their work or grow their businesses. Second, it means that many are doing work that they are over-qualified to do, which is leading to wasted opportunity. The fact that refugees are being consigned overwhelmingly to the informal sector means that opportunities to benefit wider communities in which they are living – and Jordan as a whole – are being missed. For instance, refugees who studied in their country of origin before coming to Jordan, even if they manage to have their certificates approved and recognized in Jordan, are still excluded from working as professionals in their area of expertise. At the same time, refugees who study at Jordanian universities are then not allowed to work in these closed professions. Refugee entrepreneurs who are forced into the informal market are also limited in their potential to attract FDI into Jordan.

Finally, it means that they are heavily reliant on factors that fall outside of the policy environment in order to enable them to work – factors that are often less regulated and, at times, lead to exploitation.

²³⁴ Interview with Palestinian woman (Gaza), camp resident, 3/11/21

Graphic summarizing challenges with financing amongst Refugee communities, based on survey findings



Some refugees were unable to secure loans through banks because only a few of those interviewed had a bank account



They were not allowed to open an account because they did not have the correct documentation.



Those with student status are allowed to open accounts when studying, many opt not to do this for fear of routine checks on their status.



The majority, when asked if they had a bank account, simply laughed and said they had nothing to put into an account.

"I wish there was capital. My house's location is not attractive and does not attract people from outside the camp, so my work is confined inside the camp. I want to rent a shop in an attractive and convenient place outside the camp so that I can attract those customers too. I cannot take out a loan because I don't have a bank account."

Palestinian woman living in Jerash running a sewing business from her house.



Cannot expand business through accessing credit or loans

Limited ability to receive payments

Rely on direct money transfer or e-wallets

No access to loans

Unable to receive cash in hand

A number of interviewees spoke of how they wanted to have a bank account in order to save money



Strong sense of wariness of borrowing from banks, which were seen to demand high rates of interest and scrutiny



Barrier to those whose profit margins were tight



Barrier to those who were trying to stay off the official radar

Interestingly, a number of Jordanians interviewed spoke of similar reservations about opening bank accounts.



For instance, a Jordanian woman working in Jerash as a beekeeper described how she was given two beehives by her father several years ago, which she has now expanded to 30 hives. She sells honey and other produce from a shop in her home. She works without any documentation and does not have a bank account as she prefers to keep any extra money she earns at home.



"I don't like to take any loans from the bank, because I can't repay it. I just borrow some money from friends without any interest, I don't transfer my money to my family or anyone abroad."

Yemeni man living in Ma'an

Finally, a few of those interviewed said they did not want to deal with bank loans or even banks for religious reasons.

Navigating the broader environment for work and entrepreneurship

Relational capital

Striking throughout the interviews was the extent to which refugees draw upon relational capital in some form in order to access and maintain work. Many of the refugees interviewed have strong local, national and transnational networks that play a crucial role in their day-to-day lives. These networks not only draw upon community structures that existed before they were displaced, but have been built up over years or decades of displacement. They provide a crucial safety net for many, and even provide start-up capital in some instances. While community cohesion should neither be under-estimated or over-romanticized, building on these networks presents a significant opportunity for creating an enabling environment for refugees to earn a living.

In many instances, these networks are based on nationality. Informal money-saving groups were often among groups who were the same nationality, which had enabled a degree of trust between individuals. A number of those interviewed, especially those from smaller nationality groups (including Somalis and

Sudanese) talked of how they helped each other out when they were unable to find work, or were in need of contacts and other logistical support. A group of Somali refugees interviewed, for instance, reported that they raise money to help pay for medical care if someone has an accident at work or if they are detained for not having a work permit.²³⁵

Relationships with Jordanians were also crucial to navigating around the restrictive policy environment by ‘partnering’ with Jordanians. The findings suggest that many Jordanians are willing to work with refugees and recognize their added value; and many refugees interviewed talked positively about business relationships with Jordanians. A Syrian man, for instance, owns a car but it is registered under the name of a Jordanian owner. “I trust him and he is very helpful.”²³⁶ Likewise with the Somalis interviewed, there was not only a strong sense of support within the Somali community, but also a determination for them to reach out to the wider Jordanian community in their area through setting up joint community initiatives.

Ultimately, therefore, refugees showed a strong recognition of the value of forging integration in the localities in which they were living, while Jordanians recognized the benefit of working with refugees who brought additional skills to the table. Relationships forged through work, therefore, were operating as the basis for broader forms of social and cultural inclusion.

“We can find work - it exists - but who guarantees your rights? My son got fired from a factory he used to work in because he took one day leave and they managed to get other laborers with lower wages.”

Syrian woman

While there were positive examples of this happening, however, many of the relationships between Jordanians and refugees were fundamentally unequal – for instance, where refugees were reliant on Jordanians to help them navigate documentation challenges. The lack of a regulated and enabling policy environment, therefore, left many refugees vulnerable to exploitation.

Furthermore, some refugees talked about how they had experienced xenophobia or racism, especially those who are part of smaller refugee nationality groups including Sudanese, Somalis and Yemenis.

This has limited their networking opportunities and, in turn, limited their access to work. A Sudanese man living in Amman, described how racism plays a clear role in his access to work. He prefers to be independent and self-employed as it allows him to retain a degree of control.

Gender also plays a restrictive role in refugees’ ability to access relational capital. A number of women interviewed who are the primary earners in their household pointed to some of the limitations they face in accessing work as a result of gender norms. For instance, a mother and her daughter, who both live in a camp, talked of how they often feel vulnerable without a man in their household: “We have no male to support or protect us, which forces us

“If I want to do another job with an employer, I will face racism, or the employer takes advantage of me being a refugee by making me work harder with lower salary or does not give me all my rights. And maybe the employer will treat me unpleasantly. By working on a cart, I work freely and by myself, I only need to pay the cart owner a fee of 5-4 JDs and depend on myself. There are about 30 of us Sudanese working on the cart from 3 am to 11 am.”

Sudanese man

²³⁵ Focus group discussion with three Somali men 19/11/21

²³⁶ Interview with Syrian man (out of camp), 1/10/21

“The work is hard and I often get bad treatment by the people and shop owners – even at school they call my son “Abu Samra-black kid”. And work is very tiring, we suffer the most in the winter. But for my children I endure the hardship. You know how parents are, we are ready to endure humiliation for our children, until God makes it better.”

Sudanese man

to work from home.” They run a small sewing business from their home, but do not make very much money from it. They attributed their inability to develop the business partly to the fact that they are unable to go out of the camp without a male family member to accompany them.²³⁷

Likewise a Syrian woman who used to do embroidery on clothes that were sold as far away as Egypt, said that she has not been able to work since her husband died last year of Covid-19. She can no longer afford a work permit to run her own business, and says that no-one wants to hire an older woman to work.²³⁸

These examples show the limitations to community networks that are often assumed by outsiders to be strong, but that can be deeply problematic for particular individuals and categories of people. While many refugees are able to draw on considerable relational capital, therefore, some are not. Particular attention, therefore, needs to be paid to refugees who are marginalized or discriminated against on the basis of both race and gender. Many more examples were highlighted over the course of our research.

Broader economic downturn

“They treat us as if we are public workers or an expatriate worker. Furthermore, I wish I had support from the syndicate, we pay our fees but do not receive any support from it.” As a result, he wants to leave Jordan “because there is no hope for my career here. The nursery owners who already have nurseries for years are still not able to improve their situations here.”

Jordanian man

An additional factor in the broader environment that was recognized by many of those interviewed was that Jordan is facing multiple economic challenges, which obviously has an impact on the opportunities for work. While Jordanians do not need work permits in order to work and do not face the same challenges in opening bank accounts and registering their businesses and assets, many face many similar challenges to refugees, including saturation in particular jobs, and unreliable and demeaning work for some.

For instance, a Jordanian man who works in a garden nursery talked of how he is looked down upon by other Jordanians because of the type of work he does. Another

Jordanian man, who owns a construction and maintenance workshop, talked of how he is struggling to make ends meet. His clients often do not pay him, and the cost of materials has gone up dramatically in the past year. He only does small jobs in order to avoid paying taxes and recently stopped paying social security, because he could not afford it.

“In 2012, the Syrians entered, and then the Yemenis, Libyans and Egyptians. They all competed and lowered the price of labor. There is no control over them and no one monitors their work although their work is prohibited.”

Jordanian man

²³⁷ Interview with two Syrian women (mother and daughter), 33 and 61 years, Al-Azraq camp, 29/10/21

²³⁸ Interview with Syrian woman, 55 years, Zaarqa, 2/12/21

His perception is that the increase in foreign labor in the Jordan market is to blame for his challenging economic situation.

In addition, everyone is facing the impact of an economic downturn as a result of the Covid-19 pandemic. At the same time, however, it is important to emphasize that it is precisely because of the economic challenges that incorporating refugees into the workforce in Jordan is critical as evidenced by this research.

“Covid ruined the entire world, I used to get work at home and I used to bring someone to help me. But Covid stopped weddings and now everyone depends on themselves and they do not pay as much as they used to, and even working from home has become difficult.”

Palestinian woman

This importance is illustrated by the fact that previously, Jordan has suffered from a shortage of workers in areas that are considered menial, including construction work, car maintenance, agricultural work, restaurant workers and cleaners. The influx of refugee labor has both alleviated these shortages and encouraged young Jordanians,

including women who had previously not considered working in particular sectors, to engage in work that was previously considered unacceptable. Positively, this has increased opportunities for Jordanians. However, it has also inadvertently reduced some of the professions open to refugees. For instance, a Sudanese man told of how driving private cars for Jordanian families was previously a profession open to refugees, but with increasing numbers of Jordanians willing to do this work, it has now become closed to them.²³⁹

Refugees have also brought skills that were previously under-represented in Jordan and have created opportunities where they did not previously exist. For example, several of those interviewed are involved in the confectionery and food industry (for instance, making Syrian desserts and sweets and Yemeni and Iraqi foods), an area that has expanded and developed significantly. Likewise, food processing activities for women, including selling their produce in malls and public markets, has developed significantly and become more visible. This has opened up opportunities for Jordanian women who previously would not have been involved in this kind of work.

Training and capacity building

Many of the refugees interviewed, particularly those living in camps, reported that they had been the beneficiaries of training and capacity building programs. However, while there was recognition of the value in these courses, there was a strong sense of frustration that they did not lead to sustainable employment. This was either because they were not designed with sufficient understanding of the opportunities for work; or because they did not lead to any form of start-up offers or tools for carrying out their work. This is an area which humanitarian and development partners are committed to improving, based on interviews, but sometimes demonstrate a lack of coordination and sharing of data on what is working at the level of the “user” of the training.

Conclusions

This section draws conclusions on the key barriers and challenges that are faced by refugees as they seek access to livelihoods. It captures some of the diversity in experience, demonstrating that no two stories are the same, and that no single solution will fit all refugees. Furthermore, it is easy for the language of resilience and entrepreneurship to divert attention away from the structural inequalities and failed

²³⁹ Interview with Sudanese man 11/11/21

policies – both national and international – that continue to dominate the lives of refugees. This report is intended to show both the opportunities, but also the significant barriers that they face. We should neither over-estimate the opportunities for refugees, nor underestimate the terrible impact of the many barriers that many encounter in their daily lives.

The research points to a number of broad conclusions that help navigate this complexity:

- **Restrictions in the policy environment (including whether or not refugees can work and the types of work they can do) are leading to missed opportunities for refugees, and in turn, missed opportunities for economic inclusion** and growth and the overall benefit for Jordan of hosting refugees. This is limiting the potential for growth in R1 and R2 RLens investment opportunities. There is opportunity for creative thinking in the policy space through promoting employment-driven solutions to protracted displacement that builds a bridge between formal and informal approaches to work, using the RLens as an incentive and tool. This is explored further in the policy and enabling environment section and should be considered by donors designing and implementing economic growth programs aimed at integrating the informal sector into the formal.
- **It is precisely because of the economic challenges Jordan is facing that it needs to capitalize on the benefits of refugees' presence.** There is an opportunity to demonstrate to the wider Jordanian population the benefit to Jordan of refugees' engagement in economic activity. While some Jordanians recognize this at an individual or community level, there is scope for creating a better understanding of the broader contribution to wider society. Many refugees are generating economic activity, but the system is effectively punishing them, leading to inefficiency and wasted opportunity.
- **More detailed economic and growth analysis and modeling around the value of the RLens is needed in order to build a stronger evidence base** for policy makers to draw on. There may be opportunities to do this as part of programs currently under procurement, including the USAID funded Informal Livelihoods Advancement Activity (IQLAA) program.
- **Short-term responses to long-term displacement crises are inefficient.** A pervasive humanitarian mindset has led to significant investment in skills training by international partners, but this has not been matched by investment in job creation and promoting an enabling environment for work. This bias was evidenced by the fact that many of those interviewed have gone through multiple training courses (often motivated primarily by the financial incentive associated with their attendance), but are still struggling to find viable work. There is ample evidence to show that investing in refugees' access to work is not only beneficial in the short to medium term, but it lays down the framework for cross-border trade and cooperation in the event that significant numbers of refugees one day return home. Over the course of research we heard support for moving towards a more development based approach to build a more sustainable future for refugees in Jordan from both donors, policy makers and senior representatives of the State, but we are yet to see this shift take hold in terms of significant action.
- **Refugees come from multiple countries with multiple backgrounds, qualifications and experience.** There is a need for an 'inventory' of skills, experience and academic background within the wider displaced population in order to allow for better engagement in the Jordanian workforce.
- **Positive examples of refugee businesses that benefit the country should be showcased by the media in order to counteract perceptions** of competition between refugees and host

communities and to demonstrate the potential opportunities that stem from enabling refugees to engage in the Jordanian market.

- **The value of speaking directly to communities about their experiences of life, work and the impact of policy cannot be understated.** We have had the benefit of an extended period of time (eight months) to complete our research and have been able to dedicate three months specifically on interviewing, analyzing and writing up our findings with regard to the experiences of those highlighted in this section. It is vital that in any RLens and broader inclusivity research, programming and policy making includes direct conversations with the “users” of policies in order to understand how there can be a mutually beneficial relationship for inclusive market growth.
- **Any future iteration of the Jordan Compact or economic empowerment and inclusion initiatives must prioritize a greater level of consultation with communities and wider collaboration with the donor community;** as highlighted by a workshop with representatives from the UK Embassy in Jordan.

11. Jordan: Assessment of Market & Policy Barriers

This section draws heavily on our Regulatory Framework Assessment (RFA), completed in early November 2021, which shows how laws and regulations are working in practice and how they are being experienced by different refugee groups. In order to provide focus and brevity for this report, this section focuses on policy issues specific to Refugees. The following table presents the main laws, regulations and policies that were included in the RFA:

Investment Environment	Investment Law No. 30 of the Year 2014	Organizing the Non-Jordanian Investments Regulation No. 77 of the Year 2016	Instruction No. 9 of the Year 2017 – The Instructions for Granting the Investor's Card Category (B) issued on July 17, 2017	Jordan Citizenship by Investment Program	
Home Based Businesses	Home Based Businesses Instructions				
Labor Market	The Labor Law of the Year 1996 and its amendments and subsequent regulations and instructions govern and organize the recruitment of foreign workers in Jordan. In addition to that, the Law on Residence and Foreigners Affairs (1973, amended in 1998) and the By-Law No. 3 of the Year 1997 regulates visa requirements and governs the entry of foreigners to Jordan	List of restricted and closed occupations/professions to non-Jordanian workers	Work permits instructions	High-Skilled instructions	Regulation No. (142) of 2019 - Fees for work permits for non-Jordanians
Banking & Access to Finance	High level analysis on the implications of the Central Bank of Jordan instructions mainly in relation to the status of opening bank ²⁴⁰ accounts and access to finance to refugees in Jordan in addition to the implications of the taxes and social security on refugees ²⁴¹				

Investment Climate from a Refugee Perspective

Syrian Refugees

Syrian refugees face many challenges that limit their ability to register a business in Jordan including restrictions on enterprise ownership, which, *in addition to the restrictions of foreign ownership in certain sectors*, is directly linked to getting the security clearance from the MOI²⁴². Despite the fact that the

²⁴⁰ <https://b2b-sy.com/news/8745>

²⁴¹ Consultation with relevant stakeholders

²⁴² Scoping and Design of Strategic Investment Opportunities - Danish Refugee Council (DRC) June 2021

process for securing security approvals has been simplified, the process lacks transparency and predictability, particularly when approvals are declined and no reason is required to be given as to why. This was confirmed by Syrian refugees and implementing agencies during our research.

The Syrian Investor Guide²⁴³ highlights the fact that Syrian investors are to be treated equally with local, regional and international investors. However, Instruction No. 9 of the Year 2017 – The Instructions for Granting the Investor’s Card Category (B) issued on July 17, 2017²⁴⁴, could be interpreted that a Syrian investor who wishes to register a business and apply for an Investor Card in Jordan should put a minimum capital of JOD 50,000 (which contradicts with both Article 10 of the Investment Law and the Organizing non-Jordanian ownership Regulations). As per the Instruction, the registered business should create a minimum of 10 permanent job opportunities to be registered with the Social Security. Additionally, Syrian investors have to present a valid passport when applying for the Investor Card Category B which is considered one of the main challenges faced by Syrians refugees in Jordan.

The minimum capital requirement limits the ability of Syrian entrepreneurs, *who were able to get security clearance*, to establish their startup companies, as start-ups and small businesses commonly do not require this amount of investment, limiting the potential for Syrians to realize the potential many demonstrate when it comes to starting and growing a business.

The Investor Card²⁴⁵ is a letter of recommendation issued by the Government of Jordan and accredited by all ministries and government departments. It gives its holder the right to own property, be issued car driving licenses, purchase custom-free vehicles, allow entry of vehicles from the investor’s country (temporary entry), and facilitate exit and entry from and into the kingdom.

In order to further investigate this point, we had several interviews with different Syrian entrepreneurs and investors who confirmed that their applications submitted to the Ministry of Industry and Trade and Supply (MOITS) for registering a business were either rejected for security reasons or they were asked to pay a minimum capital that was determined on a case-by-case basis, either JOD 50,000, less or more. In order to overcome these obstacles and to register a business, Syrian refugees tend to have a formal partnership arrangement with a Jordanian investor who will own 100% of the business in front of the government and Syrian shares will be presented in the partnership agreement. The associated issues with this are further explored in the Communities and Demographics section.

From a government perspective, the Jordan Investment Commission (JIC) has confirmed that the issuance of the Investor Card is *optional*, for those Syrians who wish to get the benefits attached to the Investor Card. This shows a huge gap of understanding and proper application of laws and regulations in Jordan, as different institutions have different translations and application of the same laws and regulations. In addition to that, it was very clear from our discussions with the Syrian refugees that they are not fully aware of the regulatory framework by which they are not able to defend their case and to have the right to register a business on equal basis to a Jordanian investor pursuant to the Investment Law and the Syrian Investors Guide.

Other Communities

²⁴³ [JIC Syrian Investor Guide](#)

²⁴⁴ [JIC website](#)

²⁴⁵ [JIC - The investment window](#)

Other Arab Nationalities, including refugees, are also eligible for another type of Investor Card – Investor Card Category (A) by which they will receive the same benefits Investor Card Category (B) holders get (own property and the flexibility of movement in and out of Jordan amongst other benefits as presented above). However, this category imposes more strict requirements, by which investors who wish to hold this Card must register a business with a minimum capital of JOD 150,000 and create no less than 40 employment opportunities.

It is worth highlighting that Palestinians without citizenship face several challenges that make it near to impossible to register a business or even own properties in Jordan²⁴⁶. According to Human Rights Watch, Palestinians without citizenship cannot register a car or business, or liquidate their investments.

Key Challenges and Barriers

- Difficulty in receiving security approvals from the MoI. Granting security approvals requires direct collaboration between the Jordanian and Syrian sides, which requires some time to obtain. This adds more time to the business registration process for refugees.
- Minimum capital requirements of JOD 50,000 for Syrians and JOD 150k for Arab non-Syrian refugees, effectively price-out start-ups and small SMEs. This policy is only applicable to investors who wish to apply for the Investor Card and it is attached to several benefits including the right to own property, issue car driving licenses and facilitate the exit and entry from and into the Kingdom. Entrepreneurs and startups can still start a business with no minimum capital requirements, however without being granted the same level of benefits mentioned previously.
- Jordanian ownership ‘front’ places refugees in vulnerable positions. This is generally used to overcome some registration barriers by forming informal partnerships between Jordanian and refugees which could be constructed in the forms of efforts partnering²⁴⁷ or daman partnering²⁴⁸.
- Lack of understanding of how to navigate the regulatory environment, and appeal decisions, by refugees. Given the lack of awareness and full understanding of the applicable laws and regulations, in addition to limited access to legal consultations, refugees usually do not know how to defend their rights.
- Misinterpretation of laws and regulations by practitioners working in different governmental institutions and line ministries. This is mainly due to the fact that there are certain texts that allow for flexibility in interpretation.
- These challenges and barriers are significantly limiting the opportunity for growth under the R1 and R2 RLen categories within the Jordanian economy and consequently, are also limiting opportunities for RLen FDI.

Despite all of the reforms that the GoJ have taken over the past few years in order to improve the business environment in Jordan to stimulate and attract local and international investments, the Jordan investment climate is considered a challenging and complex environment with unpredictability and lack of

²⁴⁶ <https://www.refworld.org/docid/53ecc8004.html>

²⁴⁷ A Jordanian partner owns all the assets of the business and is responsible for any financial investment, while the refugee, mainly Syrians, works in the business and is entitled to earn a certain percentage of the profits without making any financial investments in the venture.

²⁴⁸ Refugees would rent a location from a Jordanian landlord, who takes care of all the official documents, while the refugee makes all the investment in the business and manages all operations. The Jordanian partner receives rent and a pre-agreed percentage of the revenues.

transparency in interpreting and implementing laws and regulations. Refugees face more complexity when it comes to registering a business in Jordan due to ambiguity in legal regulations and requirements for establishing a business, in addition to the unclear procedures with granting security clearances.

Suggested Interventions to Further Refugee Lens Opportunities

- Collaborate with the Legislation and Opinion Bureau, Ministry of Investment, MOI, MOITS to provide a clear interpretation and eliminate ambiguity and uncertainty in the texts of the relevant laws and regulations that govern refugee-related investments. Use this interpretation as the basis for a streamlining and reform of the regulations that apply to refugees to provide greater coherence and cohesion. This should include, wherever possible, avoiding numerous exceptions and stipulations that are applied based on nationality. This will require donor coordination and advocacy.
- Support the GoJ's efforts in streamlining the business registration process by digitizing and automating the procedures to reduce the level of bureaucratic discretion to reduce time and cost of doing business.
- Identify a “use case” - a refugee-owned business, and support registering a company with no minimum capital requirement. This will help different stakeholders from the public and private sector to identify all procedures required to register a refugee-owned business and to identify the barriers and obstacles faced during the process, increasing the number of R1 and R2 RLens category enterprises.

Home Based Businesses

In order to overcome the above-mentioned challenges, and to allow more integration of refugees in the Jordanian market, in November 2018 a Cabinet Decision²⁴⁹ was enacted that allowed Syrian refugees, in the camps and outside camps to register and operate Home Based Businesses (HBBs). Syrians living outside camps can register HBBs in the food processing, handicrafts, and tailoring sectors. Syrians living in camps are allowed to open and register HBBs in all sectors with no limitations. According to the policy, Syrian refugees are allowed to register and fully own an HBB and without the need to have the JOD 50,000 cash deposit requirement²⁵⁰. The decision also allowed non-governmental organizations to provide technical or financial support to Syrian-owned HBBs as long the support is under the host community component of the Jordan Response Plan and at least 70% of the beneficiaries are Jordanians while 30% are Syrians. This provision was stipulated to ensure that the local community was not left behind and that they were included in the support.

Key Challenges and Barriers

The registration process for Syrian-owned HBBs remains complex and demanding. According to IRC²⁵¹, it took over a year to register the first Syrian-owned HBB, which required strong external support. By the end of 2019, 22 Syrians were able to register and run their own HBBs. However, the process is considered very complex and comes with several challenges that could be summarized as follows:

- The need for a valid passport, which 95% of the Syrian refugees in Jordan do not have.

²⁴⁹ [Reliefweb](#)

²⁵⁰ [AUB - Influencing the livelihoods of Refugees in Jordan](#)

²⁵¹ [IRC](#)

- Lengthy registration process: it takes over a month to be able to complete the registration and approval process.
- Local authorities and municipalities have no clear understanding of the implementation of the registration process.
- Strict criteria for meeting the requirements of registering a HBB, mainly when it comes to the apartment size and health standards.
- Security clearance from the Ministry of Interior. As was previously presented, Syrian refugees usually do not get security clearance for no obvious reasons which they are not allowed to appeal.

In addition to the above main challenges, it was clearly indicated by several assessment studies and reports that Syrian refugees do not see the value or incentives to legalize their operation and to register a business. There is a misconception by Syrians that formalizing a business will result in losing humanitarian aid and they will be subject to paying taxes to the GoJ. However, and from our interviews, it was clearly communicated and confirmed by UNHCR and ILO that refugees owning their own businesses will not lose humanitarian support. The Ministry of Finance also assured that HBBs, owned by both Jordanians and refugees, will not be subject to taxes, unless the annual income generated from the business exceeds JOD 10,000.

From our interviews with refugees, national and international NGOs and aid organizations, a common challenge was also raised in relation to the fact that refugees outside of camps are only permitted to start a HBB in three main sectors (food processing, handicrafts and sewing). However, and based on an interview with Blumont, refugees were found to be mainly interested in ICT, graphic design, translation and intellectual services - sectors that are not open to refugees. This limits refugees' ability to register and run a business that they are passionate about and have the required skills to successfully manage and grow, accordingly forcing them to work informally. By limiting such sectors, the GoJ is unintentionally encouraging the creation of an informal market that is not easy to monitor, regulate or invest in.

HBBs are considered the most feasible option for the most vulnerable refugees living in Jordan. This is mainly due to the fact that they can establish a business with the minimum administrative and capital requirements (there is no need to build a factory/space, hire employees, or buy expensive machinery).

However, due to the burdensome procedural requirements, limited sectors open for refugees, ambiguity in implementing laws and regulations, refugees are not incentivized to legalize their operations and establish HBBs and the desired impact of economic inclusion is not achieved. In 2021 an HBB Task Force was established to advocate for opening new sectors and to channel more donor Technical Assistance and financial support to HBBs. The Task Force is chaired by Blumont and is composed of implementing members from NRC, DRC, ACTED IOCC, WFP, HI, EFE and Blumont and members from the donor community: UNHCR, WBG, IFC, DFID, USAID. The Task Force set some focus areas for 2022 including: 1. Upscaling the HBBs Task Force Roles with support from donors and stakeholders. 2. Reinforcing advocacy and policy changing efforts 3. Attracting new donors and funders to support the HBBs concept and activities 4. Enhancing TF members roles and participation 5. Increasing engagement of the decision makers and services providers.

The Task Force is expected to address the current challenges and further encourage the application of RLens, mainly R1 and R2 and potentially R3 by the creation of platforms to enable refugee-owned HBBs to sell their products and services. Additionally, the Task Force is expected to encourage the application of R5 by establishing cooperatives and designing investment products that respond to the needs of HBBs when stacked up together, such as Livelihoods Bonds. However, the below recommendations should be

shared with those supporting HBBs in order to build the opportunity to grow HBBs towards investment opportunities and support in the future.

Suggested Interventions to Further Refugee Lens Opportunities

- Streamline, decentralize and digitalize the registration process by identifying the main procedures and approval requirements by different entities (municipality level and different ministerial lines).
- Collaborate with the different stakeholders (national and international NGOs, aid organizations and service providers) to identify the main challenges that were faced during implementing different projects and come up with recommendations and action plans to be discussed with the GoJ and other relevant partners.
- Raise the awareness amongst refugees about the benefits and the potential for growth that are attached to formalizing the business compared to informally running the business.
- Create an HBBs Incubation Program that is dedicated to provide direct technical and financial support to Jordanians and refugees to formalize and grow HBBs.

Labor Market

Refugees can legally enter the labor market, under conditions granted to other foreign workers, which requires obtaining a work permit that is conditional on residency and a sponsor/employer to pay permit fees based on a profession open to non-Jordanians and with the allowed quotas. Nonetheless, refugees still face several challenges in entering the labor market as presented below.

Syrian Refugees

In the early years of the Syrian Crisis, Syrian refugees were not allowed to officially engage in the Jordanian labor market, which resulted in creating an informal market that competed directly with Jordanian nationals in certain professions (mainly low skilled professions) as they accepted lower wages and rates. It was not until April 2015 when the Ministry of Labor, General Federation of Jordanian Trade Unions, Jordan Chamber of Industry and the Social Security Corporation introduced a national framework with an attempt to regulate the informal economy including migrant workers and refugees²⁵².

In 2016 the GoJ and international community signed the Jordan Compact with the objective of strengthening Jordan's economic growth agenda while addressing the instability caused by the Syrian crisis. The Compact was built on three main pillars²⁵³: 1) Turning crisis into development opportunities and attracting new investments to create jobs for both Jordanians and Syrians 2) Rebuilding and strengthening the resilience of host communities and infrastructure. 3) Supporting Jordan's macroeconomic framework. The Jordan Compact is financed by the World Bank and the European Union in addition to aid disbursement. One of the main pillars of the Compact was issuing 200,000 work permits for Syrian refugees over a period of two years²⁵⁴. As a result of the Compact, Syrians are able to apply for work in specific sectors and low-skilled professions open for foreign workers including agriculture,

²⁵²https://www.aub.edu.lb/ifi/Documents/publications/infographics/2019-2020/20210208_timeline_of_major_policies_influencing_the_livelihoods_of_Syrian_refugees_in_Jordan_infog.pdf

²⁵³ [Jordan Compact Economic Opportunities Programme Annual Review](#)

²⁵⁴ The Jordan Compact Economic Opportunities Program (JCEOP) was originally a £110m program over two years but has had two cost extensions, which have increased the budget from £110m to £216m and lengthened the timescale to nine years

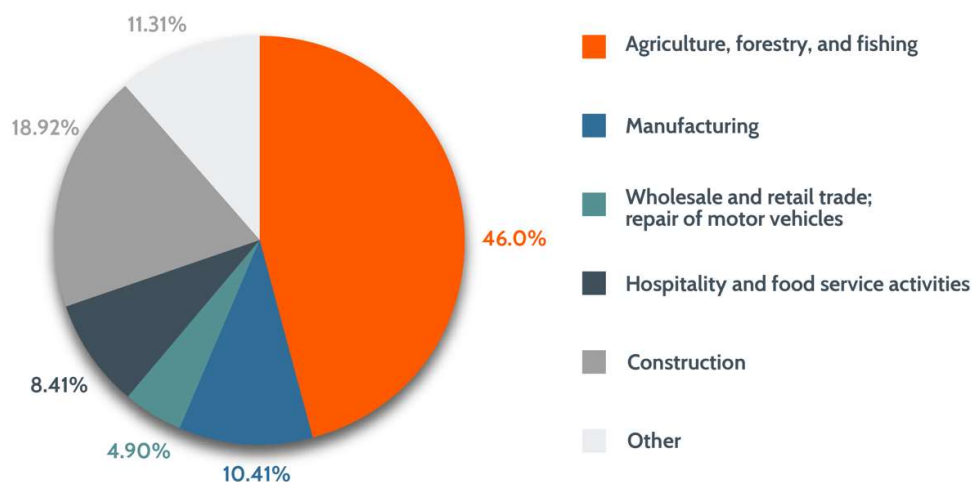
construction, textiles/garment manufacturing and food. A total number of 215,666 work permits were issued over the period from January 1, 2016 to December 31, 2020²⁵⁵.

The Ministry of Labor exempted Syrian refugees from paying fees related to work permits until the end of 2021, paying only an administrative fee of JOD 10 (USD 14). Enrollment in Social Security is mandatory and it covers: 1. Work related injuries 2. Retirement 3. Disability Insurance 4. Death insurance 5. Maternity insurance 6. Unemployment insurance whenever applicable.

Refugees residing in camps are also eligible to apply for a free of charge (only administrative fees are to be paid) work permit and to work across Jordan in professions that are open to non-Jordanians. The work permit serves as a one month leave permit that facilitates the movement in and out of the camp²⁵⁶.

Most recently, and as part of the GoJ's commitments to continue to reform the labor market, and to further enhance the integration and inclusion of Syrian refugees in the Jordanian labor force, the GoJ introduced "flexible work permits"²⁵⁷ mainly in the construction and agriculture sectors, for Syrian refugees. The flexible work permits provide Syrian refugees the flexibility to work in Jordan for a period of one year with the option to choose and switch between employers in the same sector. The flexible work permit grants all the benefits of decent work conditions, health insurance and fair wages. In 2020, the GoJ committed to issue 70,000 flexible work permits by the end of 2021, 25,000 of which to be issued during 2020²⁵⁸.

Work Permit Issuances by Economic activity (December 2020)



Source: Ministry of Labor Syrian Refugee Unit²⁵⁹

Based on the above, agricultural and construction and the manufacturing sectors have the highest share of the issued work permits for Syrian refugees, which confirms the above-mentioned statement.

²⁵⁵ Syrian Refugee Unit - Work Permits Progress Report December and annual 2020

²⁵⁶ <https://help.unhcr.org/jordan/en/frequently-asked-questions-unhcr/work-permit-syrian-faqs/>

²⁵⁷ <https://edu-syria.eu/the-instructions-and-procedures-for-employing-syrian-workers-for-the-year-2020/>

²⁵⁸ <http://jordaningoforum.org/testsite/wp-content/uploads/Walk-the-Talk-2021-English.pdf>

²⁵⁹ <https://reliefweb.int/report/jordan/syrian-refugee-unit-work-permits-progress-report-december-and-annual-2020>

Other Communities

Jordan has approximately 2 million Palestinians who are officially divided into two main groups. Each group is treated differently, as highlighted in the Communities section. The first group includes Palestinians who arrived after the 1948 war who are defined as refugees according to the UNHCR and who have Jordanian citizenship. The second group are the Palestinians who arrived after the 1967 war mainly from the West Bank (around 500,000) and Gaza Strip (300,000). They are considered as “displaced persons” and they only hold temporary passports and not full citizenship. These passports are to be renewed every two years, and those holding them are not allowed to work in governmental institutions and only allowed to work in the private sector, without the need to have official work permits²⁶⁰.

However, as of 2016, Palestinian temporary passport holders (around 110,000 workers), were asked to submit for work permits and pay for the work permit fees of JOD 180 per year (USD 250) in order to be able to work in the private sector and sectors open for non-Jordanians²⁶¹. In the same year, the GoJ decided to waive the fees following several objections, however Palestinians still need to apply for work permits especially for later-arriving Gazans, however not Palestinian refugees from West Bank²⁶². This move was met with resistance from Palestinians residing in Jordan since 1967 as they largely consider themselves Jordanian of Palestinian descent.

It is worth highlighting that Palestinians have to get security clearance from the Ministry of Interior before applying for any job. This act has further enlarged the informal sector, as Palestinians prefer not to apply for work permits.

Our research points to the fact that the other refugee communities (Iraqi, Yemeni, Somali, Sudani) are not treated equally when it comes to labor integration. For example, they were fully excluded from the Jordan Compact and they were not offered any preferential treatment, which is mainly due to the strong prioritization of the Syrian crisis by the international community in addition to the lack of advocacy on behalf of the non-Syrian refugees²⁶³.

Yet, a study conducted by SEO Amsterdam Economics²⁶⁴ indicated that Iraqis could be easily integrated into the Jordanian labor market as they have all relevant documents needed to apply for work permits. The study also stressed the fact that the impact of Iraqi workers on the Jordanian economy is relatively small in number and impact, and most of them are working in sectors that are not in direct competition with the Jordanians, namely high-skilled jobs such as doctors, teachers or professors in the private sector. These professions are increasingly vacant as a result of Jordanian emigrants leaving the country.

Key Challenges and Barriers

Despite all of the efforts implemented by the GoJ to integrate refugees, mainly Syrians, in the labor market, substantial issues persist which make it difficult and unattractive for refugees to obtain and apply for work permits. Challenges could be summarized by the following:

- Refugees are not willing to apply for work permits due to a perceived higher risk of exploitation or unfair treatment.
- Refugees are afraid to lose their humanitarian aid and the perception that they will.

²⁶⁰ <https://www.al-monitor.com/originals/2016/02/jordan-work-permits-palestinian-refugees.html>

²⁶¹ <http://www.qudspress.com/index.php?page=show&id=14309>

²⁶² <https://www.al-monitor.com/originals/2018/12/jordan-gaza-refugees-palestinian-settlement.html>

²⁶³ [Making Refugees Work? The Politics of Integrating Syrian Refugees into the labor Market in Jordan](#)

²⁶⁴ https://www.seo.nl/wp-content/uploads/2019/01/Annex_B_Jordan.pdf

- Refugees find it more feasible to work in the informal sector and with different employers and still be entitled for humanitarian aid.
- Difficulties in obtaining the necessary documentation to access work permits.
- Lack of clear and concise information about employment-related regulation at the level of employers and employees.
- Quotas on the employment of Jordanians and closed professions.
- Lack of labor market information about labor demand and supply.
- Employers face demanding and time-consuming requirements such as seeking approvals from the MOL on a case-by-case basis for work permits.
- The financial cost of meeting the requirements, such as enrolling new workers in social security was passed onto the worker

Given the high unemployment rates in Jordan, the GoJ is under high pressure not to provide any further incentives to refugees or migrant workers in the fear that this will cause public outrage by Jordanians.

Nonetheless, the GoJ managed to provide different incentives for Syrian refugees to fully integrate them in the labor market. However, documentation requirements are still one of the main obstacles faced by Syrians, mismatch between Syrians' skill sets and open sectors, in addition to the misconception of Syrians who are afraid to lose their humanitarian aid if they were officially engaged in the labor market.

On the other front, and as per different priorities, the GoJ did not pay much attention to other communities who were not included in the different programs and incentives provided to Syrian refugees.

Suggested Interventions to Further RLens Opportunities

- Conduct a skills assessment study to identify the available skill sets within the different refugee communities, and provide recommendations on how to improve refugees' employability (open new sectors, introduce vocational training programs, offer flexible solutions to market integration requirements).
- Organize labor market integration awareness sessions: collaborate with the relevant stakeholders (UNHCR, MoL, MoF, ILO) to present the main long term benefits and opportunities arising from being officially integrated into the labor market as opposed to the informal engagements.

Banking and Access to Finance

Banking

Generally speaking, refugees in Jordan are allowed to open bank accounts *if* they are able to provide all supporting documents including valid passport (as in the case for any other non-Jordanian) and proof of work (employment contract/salary slip). In 2013, the Central Bank of Jordan (CBJ) published instructions encouraging banks to open bank accounts to refugees who hold biometric²⁶⁵ Service Cards issued by the MoI²⁶⁶. However, banks are not accepting the Service Card as the sole proof of identity and refugees are

²⁶⁵ A card that is launched in collaboration between the MOI and the UNHCR by which refugee's identity is protected by eliminating potential fraud.

²⁶⁶ <https://b2b-sy.com/news/8745>

asked to also provide a valid passport, a proof of source of income and a minimum deposit of JOD 200 as prerequisites²⁶⁷, resources which refugees often do not have.

Even in cases where refugees were able to open a bank account, transactions on these accounts are often limited to cash-in and cash-out. Additional restrictions are mainly imposed on Syrian refugees as they are not allowed to open bank accounts in US Dollars or any other foreign currency as per Anti-Money Laundering (AML) and Anti-Terrorist Financing (ATF) compliance issues²⁶⁸.

A number of refugee-owned businesses, and through their connections and volume of transactions with banks, were able to open bank accounts for their employees. In these cases, all of their employees held valid passport accounts that comply with the banking requirements.

As an alternative, refugees are using mobile wallet accounts that offer flexible and accessible solutions. In order to further encourage service providers to offer innovative solutions to refugees, the National Financial Inclusion Strategy (NFIS) 2018-2020²⁶⁹ specifically mentioned refugees as one of the targeted groups for financial inclusion in Jordan. According to the NFamamIS, mobile money accounts were considered the primary 'point of entry' for refugees and several initiatives were launched by the CBJ in collaboration with partners and service providers to ensure that refugees will be able to have digital accounts as a first step toward further financial inclusion.

In 2015, the Central Bank of Jordan (CBJ) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) started the implementation of "Improving Access to Remittances and other Financial Services through Digital Solutions in Jordan Project" (Digi#ances). The Project aims at increasing the financial inclusion in Jordan and facilitating the introduction of new digital financial services targeting unbanked and underserved segments of the population. So far, the Project managed to support humanitarian organizations and mobile providers to provide innovative mobile payment solutions, including Dinarak who managed to open accounts for over 6000 Syrians across Jordan.

Based on discussions with banks in Jordan, we were informed that there are no restrictions on Iraqis and Palestinians (including Gazans) either on opening bank accounts in local or foreign currencies. However, they are also required to submit a source of income verification. Certain additional approvals at bank's compliance departments could be required, however no major restrictions are imposed on them opening bank accounts. The key issue of concern is around document-checking, where refugees have not renewed their documents because they worry about being thrown out of the country and therefore do not have the required documentation for opening a bank account.

Access to Finance

When it comes to access to finance, banks and financial institutions tend not to target refugees as they are considered of high risk due to flight risks, not having the proper documentation, limited credit history and ability to perform credit risk assessments, in addition to limited guarantee schemes, if any, that cover refugees.

In the past few years, fund managers and financing institutions started to realize that the traditional available financing options are limited to a certain group of businesses (high growth companies with healthy financial position and available collateral for loans, and high-growth and exit-oriented businesses with lead investors for venture capital funds.) Accordingly, new financing options were introduced by a

²⁶⁷ Consultation with banks in Jordan

²⁶⁸ Consultation with banks in Jordan

²⁶⁹ <https://www.cbj.gov.jo/EchoBusv3.0/SystemAssets/PDFs/Financial%20Inclusion%20Report%202018%20-2020.pdf>

number of VC funds over the past few years, including quasi equity by Amam Ventures and self-liquidating loans with repayments linked to the projected cash flows as introduced by Grofin.

Microfund for Women (MFW), in 2016 launched a pilot project to provide direct finance to refugees. As of May 2018, they managed to extend loans to 4000 refugees with a Portfolio at Risk/30 PAR30²⁷⁰ less than 1% which is equivalent to loan portfolios limited to Jordanians. The Fund originally was targeting refugees who live outside of the camps, then the program was extended to cover refugees living in camps, namely Azraq and Zaatari. Products included individual loans and business loans with focus on business loans. According to the MFW, they believe that the pilot program is considered of a success, however they need to reconsider the credit assessment test to reflect the risks attached to refugees²⁷¹.

Additionally in 2017, EBRD signed a finance agreement with MFW through which EBRD financed a senior unsecured loan with a total amount of USD 2 million, that includes i. A first-loss risk cover of up to 40% on Syrian refugee portfolio ii. Technical assistance to support MFW to structure appropriate risk management procedures and practices to ensure quality and sustainability of the refugee lending portfolio. Working in close cooperation with the UNHCR, MFW and EBRD were able to develop a risk scoring methodology that is tailored to assess the associated risks of refugee lending. According to the latest publicly available information, MFW was able to extend more than 6000 loans to Syrian women with an objective to provide them with better living standards to them and their families while contributing to the local economy. *With the appropriate risk measurement tool, MFW was able to offer financing to refugees who do not have proper documentation (passport) or collaterals*²⁷².

During our interviews in relation to microfinance, the Executive Director of Tanmeyah - Microfinance Association in Jordan, confirmed the above mentioned challenges when it comes to refugee lending. However, he mentioned that the CBJ is currently negotiating a guarantee scheme for MFIs of a total size of USD 21 million to mitigate microlending risks and allow MFIs to expand their spread and potentially to include refugees. Tanmeyah's Executive Director also highlighted the fact that the MF sector is currently facing regulatory and operational challenges that are limiting their ability to meet the needs of Jordanians or to expand their portfolios to include refugees. These challenges are mainly:

- **Sales tax:** Before being under the umbrella of the CBJ, MFIs were fully exempted from taxes, however and following the Bylaws No. 5 of the Year 2015, MFIs became subject to taxes and duties according to each institution's legal form. In addition to that, being regulated under the CBJ Law, MFIs are subject to sales tax and duties on loan agreements while banks are fully exempted as per the Banking Law. This gives a competitive advantage to banks over MFIs as banks can reduce their interest rates.
- **Prudential ratios:** Despite the fact that MFIs are not allowed to accept any kind of deposits, MFIs are being treated on a commercial basis and on equal terms to banks. MFIs are therefore subject to prudential ratios that limit their ability to provide more loans.

MFIs, through Tanmeyah, have been in direct discussions with the CBJ and the Ministry of Finance to waive sales tax and stamp duties imposed on loan agreements to have equal treatments as received by banks. The most recent attempt was in June 2021, during which Tanmeyah sent a letter to the Minister of

²⁷⁰Is the most common indicator used by MFIs to assess the quality of performance of the MFIs portfolio. PAR30 is the percentage of gross loans portfolio that are overdue by more than 30 days.

²⁷¹ <https://www.unhcr.org/5bd01f7e4.pdf>

²⁷² EBRD and MicroFund for Women: Lending to Refugees

Finance asking to waive them from applicable taxes and duties, however the Minister is not willing to do this based on his response.

We had interviews with venture capital funds and other financing institutions operating in Jordan who confirmed that refugees are not their main target clients, however, refugees with proper documentation who already managed to establish a business with Jordanian partners could be considered if the business falls within their investment criteria/policy.

Key Challenges and Barriers

- Refugees are not able to meet the requirements of banks and financing institutions due to the lack of proper documentation. There is a need for greater innovation in these requirements, on the one hand to ensure the security and safety of refugees and on the other, security requirements of the MoI and the banks.
- No flexibility adopted by banks in relation to proof of identity requirement.
- Banks and other financing institutions are reluctant to extend loans to refugees as they do not have credit history.
- Refugees are not covered by any guarantee or risk sharing schemes.
- The microfinance sector has several regulatory challenges that limits its ability to serve the needs of the refugees.

The banking sector in Jordan is considered to be completely closed to refugees in Jordan, namely Syrian refugees, as they are not able to open bank accounts or to access finance, which limits the application of RLens investments. However, the CBJ in collaboration with service providers and other organizations managed to find other alternatives to enable refugees to access financial services (mainly payments). However, implemented at a small scale that has the potential to be further expanded.

MFIs could be considered the entry point for Refugee Lens Investing as MFIs already have the experience in dealing with vulnerable communities across Jordan. However, MFIs must be adequately equipped to manage the high risk profiles of refugees who do not have any kind of credit history or proper collaterals or documentation as required by most financing institutions.

Suggested Interventions to Further Refugee Lens Opportunities

- Support the efforts of Jordan Microfinance Network Tanmeyah in advocating for policy changes in relation to the sales tax and prudential ratios challenges. By developing the business case highlighting the economic and commercial benefits to be achieved by removing the sales tax and prudential ratios.
- Provide flexible approaches towards proof-of-identity requirements for refugees.

12. Jordan: Enterprises & Funds

This section builds on all the data, evidence and analysis of the previous sections and products to build a case for RLI in Jordan by identifying a pipeline of investments of enterprises that qualify or could qualify for RL, in addition to identifying investment funds that deploy capital in enterprises directly impacting refugees and host communities, enabling greater inclusivity and economic growth in Jordan. It draws heavily on the Investment Pipeline and Use Cases: Enterprises, Funds and Microfinance Institutions report and summarizes those specific findings to illustrate the case studies and pipeline we have built.

To mirror this report, this section is divided into three sub-sections: 1. Enterprises; 2. Investment Funds; and Micro-finance Institutions.

Enterprises

We have built a pipeline of investments by demonstrating use cases that already qualify or could potentially qualify for a Refugee Lens Investment (RLI) according to the definition of the RIN as detailed on page 9 of this report.

Methodology

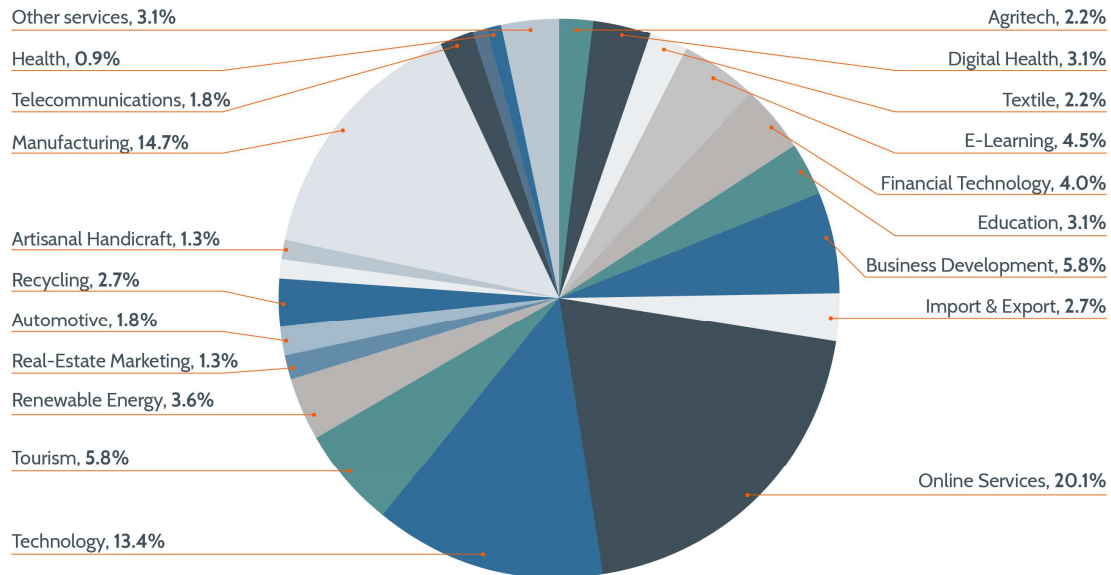
In order to identify sectors viable for inclusive growth and build a pipeline of investments, we mapped out 224 businesses²⁷³ from different data sources including incubators, accelerators, venture capital funds and financing institutions.

Out of the 224 businesses, 107 businesses were still active on the date of drafting this report. Businesses were confirmed to be active if they met at least one of the following conditions:

1. Had an active social media presence (mainly Facebook and Instagram), by showing frequent posting of material over the past 6 months and actively responding to customers' requests and feedback.
2. Had an updated website with contact details and information.
3. Had an updated application on App stores that showed reviews and ratings over the past 6 months.
4. Our own knowledge and interaction with the startups and entrepreneurs in Jordan.

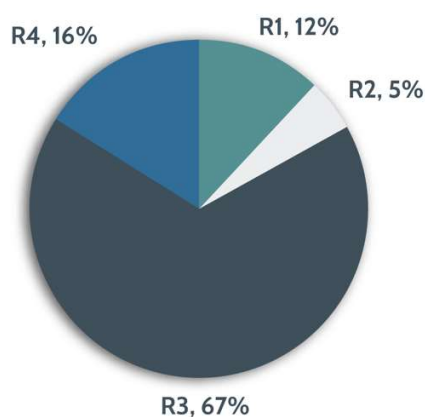
²⁷³ A full list is documented and included in the wider set of project materials

Total Sample of the Pipeline of Investments Segmented per Sector



One of our main data sources for identifying use cases was profiling the portfolio companies of the accelerators and incubators in Jordan. According to statistics, businesses that participate in acceleration and incubation programs have between 75% and 87% five-year survival rates²⁷⁴. However, startups and SMEs in Jordan were heavily impacted by the COVID 19 crisis, with reduced sales and revenues due to the lower demand of their products and services and to mandatory closures during the lockdowns. A high percentage of the enterprises were not able to cover their fixed operating expenses and resulted in permanent closure or the risk of closing their operations²⁷⁵.

RLens Distribution across pipeline



Therefore, we can see that less than 50% of the profiled companies are still active.

Based on the company's publicly available information, including companies main activities (products and services), founders, team structure and based on a high level desk research, 43 companies out of the 107 companies were qualified to either directly or indirectly apply an RLens, either refugee owned or led business (R1 and R2), or refugee supporting business (R3 and R4). Based on our initial analysis, 67% of the 43 identified enterprises qualify as R3 companies, followed by 16% that qualify as R4 businesses, 12% R1 businesses and only 5% are qualified as R2 businesses. It is worth noting that R1 companies are mainly owned by Syrian refugees. Eligible companies for RLens were segmented in the research process per sector, geography, gender ownership or leadership and stage of the company. The

²⁷⁴ This accelerator is helping to solve some of the world's most pressing environmental problems

²⁷⁵ Impact of COVID-19 on Enterprises in Jordan: One year into the pandemic

majority of the businesses are in the early stage of development with growing revenue streams, and only 33% of the enterprises are women-owned or led businesses.

The majority of enterprises are based in Amman, followed by Irbid, with few businesses operating from Jerash (mainly Jerash/Gaza Camp), Mafrqa, and Aqaba. This might suggest the need to provide business and entrepreneurial development support to entrepreneurs in the governorates to equip them with the required skills to establish their own businesses. A summary table of this pipeline is presented below:

RLens Name		Industry
2	Senara	Agri-Tech (Aquaponic Farming Solutions)
4	Twig	Agri-Tech and Manufacturing
3	Smart Green for Agri-Tech Solutions	Agri-Tech
3	SOLVILLION	Wastewater management technologies
3	Mrayti	E-commerce - Beauty
4	Ghoorcom	Marketplace/e-commerce Agri-Tech (Mobile Technologies)
3	Sharqi	Marketplace/e-commerce
4	ViaVii	Digital Tourism
3	Jo Puzzle	Manufacturing
3	360 Moms	Online Services - (E-Parenting)
3	Batrina	Services - Retail
4	Visit North Jordan	Sustainable Tourism
3	Rozmeh w Nabteh	Manufacturing, handicrafts, recycling (packaging, recycling)
3	Alchemist Lab	Education
3	3Du	E-Learning
3	Safaa Sukarieh	Services - Home Maintenance
3	Harmony	Jewelry
3	WARAGAMI	Manufacture (Crafting)
3	Keprita	Packaging & Recycling
3	B12	Communication
4	Bilforon	Marketplace - Catering
3	Dar Ali	Online Platform/ Construction bids
3	DARB Solar Cleaning Solutions	Services - Cleaning Technologies

4	Edaura	E-Learning
3	IBTECAR	Consulting Services
3	JAIP	E-Learning
3	Mind Rockets	Education
3	Qumal	FinTech
3	Salalem	E-Learning /Financial Sector
4	Sitat Byoot	Marketplace
3	The Code Circle	Education
3	Al Mueen for Marketing & Distribution "Al Mueen"	Manufacturing
3	Al Bothour for Food and Drinks Catering "Bothour"	Logistics
1	Abo Arab for Food Industry	Manufacturing (Food Products)
1	Al Hamein Papercup Factory	Manufacturing (Paper)
1	Al Shaffaf Plastic Formation	Manufacturing (Plastic)
3	Alnasser Joinery & fit-out Company	Manufacturing (Wood)
3	Jordan Omani Plastic Industries Company	Manufacturing (Plastic)
3	Mahmoud Mohammad Juma and Partners	Manufacturing (Construction Products)
1	Orbit Aluminum Industries	Manufacturing (Aluminum)
3	SEP Jordan	Crafting
1	Martha Education	Education
2	Sitti Soap	Artisan

Illustrative investment opportunities

In order to build in-depth use cases, we interviewed business owners, founders and co-founders of 10 companies with the objective to learn more about their businesses, current status, company's stage, financing needs and desired funding terms. In addition to that, it was our objective to understand if and how they are applying the RLens within their overall strategy and day to day operations and if there are any challenges that they face that hinders the application of the lens.

The companies were selected based on the following criteria:

1. Our initial assessment of the company's operations based on the publicly available information, and its compatibility with the RLens.
2. The direct impact that these companies have achieved so far in terms of refugee support and integration.

3. The indirect impact these companies would have on refugees support and integration.
4. Recommendations from accelerators, incubators and investment funds.

Below is a detailed description of our discussion with the companies. These profiles have been shared with each company in advance of the report's publication.



[ViaVii](#) is a hyper-personalized online marketplace, a women-owned business, that incorporates all travelers' preferences with on-the-go adjustable itineraries and reliable synthesized data to book authentic and local in-destination experiences and activities, by directly connecting travelers with local hosts. ViaVii was established in 2017, currently has 350 hosts in 50 global cities located in Jordan, Saudi Arabia, Qatar, Turkey, Lebanon, Italy, France, Indonesia and Kenya, and is connected with the Jordan Trail and ParisNet. The platform provides a tailored, personalized travel experience based on budget and interest, while connecting travelers with people from around the world. Currently ViaVii has 15000 active users with a 12% month-to-month increase in the last quarter (Q3 2021).

ViaVii mainly targets local hosts from marginalized areas who lack visibility and the digital experience to offer unique cultural experiences on the platform. ViaVii hosts a number of businesses on their platforms that are owned and managed by refugees including Palestinian, Syrian, Sudanese, and Somali refugees. So far, ViaVii has managed to create over 400 jobs and up to 90 home-based businesses in the areas they are operating in, and has designed over 1000 experiences through empowering communities in marginalized areas and training curators through their capacity building programs. All of this resulted in generating new sources of income for local communities by digitalizing the booking of their offer.

Financing needs

ViaVii is currently in the process of fundraising for a total amount of USD 1 million (17% of which have been secured and they have commitments of USD 550k) as convertible notes. The funds will be used to cover the following activities:

- 50% for technical and product development (as they are in the process of developing a SAAS model for hosts to help them create and manage experiences through their own booking platform. The platform offers advanced features ranging from payment gateways, machine-learning-based chatbots, analytics tools, training, R&D, and IP registration).
- 30% for marketing (including testing, driving traffic, user acquisition, and other marketing activities).
- 20% for operations (including operational sales team payroll, host management, customer services, partnership acquisition, and travel costs).

One of the major challenges faced by ViaVii is accessing affordable financing and relevant terms that are in line with their operations/industry and that serve their current and future plans. Accordingly, ViaVii prefers to get financing from regional and international investors based on the perception of more flexible terms and more financing options that could be tailored to meet their needs.

Use case

Based on the discussion above, ViaVii falls under R4: ViaVii, through its model, is built to empower local communities (including refugees) to develop and grow sustainable businesses by providing them with the proper training and digitizing their services/offerings, in addition to providing them with a wider customer base by connecting them with ViaVii's platform users (customers).

Providing ViaVii with the required funding and with the proper level of support will enable ViaVii to expand its outreach to cover different communities (host communities and refugees) within Jordan (and potentially in the other countries where ViaVii operates), giving them the opportunity to grow their businesses locally and internationally.



[TWIG](#) is an early stage company that was co-founded by a Syrian refugee and Jordanian partners in 2019. TWIG is a gardening platform that provides trusted landscape services, products, and accessories. TWIG provides integrated services and products in the gardening and landscaping sector, which empowers members of the working community in the agricultural sector such as; gardeners, agriculture engineers, and garden designers to access the market. TWIG offers B2B services to the public and private sector including but not limited to hotels, restaurants, and government agencies and institutions. In addition to that, TWIG offers B2C services, with a special focus on Amman, as there is a wider market for gardening services compared to other governorates within Jordan. Currently, TWIG has 10 gardeners on its platform, most of them are Jordanians. According to TWIG CEO and founder, they faced some challenges in finding the right talent and skills within the Jordanian and refugee communities to make a good gardener. Accordingly, they started a pilot project to train a number of gardeners to be onboarded to their platform. It is within TWIG's future plans to offer scheduled gardening courses to enable them to expand locally, regionally and internationally.

The business model is built on the fact that gardeners pay commission to TWIG on each service they secure through the platform. TWIG is currently working on the development of an online store which will be TWIG's main revenue stream as the online store will provide gardeners and end customers with all required products, including seeds, tools and equipment, Pesticides and fertilizers.

Financing needs

Recently, TWIG closed a seed investment from Miqdadi Agricultural Materials Company ([AMC](#)) as a strategic investor, who will support them in developing their technologies and support them with their expansion plans to access new markets. However, it was highlighted during our discussions that they need an amount of JOD 150,00 (around USD 210,00) as a grant or a soft loan to enhance the website to provide a better experience for their customers.

In addition, they need to build the capacity of the service providers (farmers and gardeners) by providing them with the required technical support and training programs. The cost of a training program per person is USD 100 and in order to meet the demand of the market, mainly in Amman, they will need to train at least 100 farmers and gardeners over the coming year.

Use case

Based on the discussion above, TWIG would qualify as an **R1** and **R4**: TWIG is co-founded by a refugee and is supporting refugees to generate income and establish their own businesses.

By supporting TWIG with the required funding and with the proper level of support, TWIG will be able to equip refugees from different communities with the required skills to enable them to be onboarded on the platform and become economically empowered by generating sustainable income. It is worth noting that the agriculture sector is one of the sectors that is open for refugees in Jordan through which refugees are allowed to apply for flexible working permits, allowing them to work with different employers at the same time.

Al Mueen for Marketing & Distribution “Al Mueen” is a women-owned business that was established in 2010 in Marka Amman and was relocated to King Hussein Bin Talal Development Area in Al Mafraq in 2017. The main purpose of the relocation was to create employment opportunities for the refugees living in Mafraq Area and the Zaatari Camp and to benefit from the Relaxed Rules of Origin Agreement (RoOs) that was signed between the GoJ and the EU. Al Mueen Produces hygiene paper tissues, disinfectant wipes and cleaner wipes for all types and household purposes.

Al Mueen’s main target markets are the local, regional and international markets (Saudi Arabia, Iraq, USA, Canada). They are in the final stages of getting the approvals (from the EU side) to sell in Europe and they have shipped samples to suppliers in Australia.

The Company initially hired 250 employees, 60% of which were refugees (Syrians and Palestinians from Gaza Camp) and 40% of the total employees were women. The COVID-19 outbreak severely affected the businesses, affected liquidity and resulted in cash shortages, as the company had to pay the running costs during the lockdown with no sales. As a result, the Company is not being able to fulfil their clients needs and sales orders due to liquidity shortages in securing the costs of the raw materials. The company is currently operating at 30% of production capacity, and only has 15 employees (3 of which are Syrian).

Financing needs

Al Mueen’s financing needs is between USD 500,000 - USD 1 million to cover the following costs for 6 months:

- Up to 90% OPEX (Raw materials, salaries, transportation and social security)
- 10% upgrading production capacity

It is worth highlighting that Al Mueen is seeking for a strategic investor who could support with:

- Access new markets
- E-marketing
- Cash-flow management

Use case

Al Mueen Company qualifies as an **R3** company by providing direct employment opportunities for refugees, mainly Syrians living in Jordan. Supporting Al Mueen with their fundraising activities will support in improving the Company's liquidity, fulfill client demand, rehire and create more employment opportunities for Jordanians and refugees, and access new markets mainly Europe as the company will be able to meet the requirements of the RoOs.

Al Bothour for Food and Drinks Catering “Bothour” is a logistical supporting company that provides outsourced administrative and support services to public and private institutions in the following main areas: cleaning and housekeeping, laundry, food catering, security, gardening, office work and other trivial tasks.

The Company has 400 employees, 150 of which are Jordanians and the remaining are non-Jordanians (50 Syrian refugees, 35 Iraqis, in addition to other different nationalities). Given the nature of the industry, the employees work on full time, partial and flexible work permits. The Company was directly impacted by the COVID-19 outbreak. As per GoJ preventive measures for COVID-19 outbreak, 60% of Al Bothour’s clients were forced to fully close their operations during the lockdown, and the remaining 40% were allowed to partially open operations during the lockdown at lower capacity. AL Bothour’s clients did not pay their outstanding balances during and after the lockdown, which resulted in cash shortage at Al Bothour, which they had to cover by applying for a loan.

Al Bothour’s main clients are entities from the public and the private sector. The logistical support sector is a very challenging and highly competitive sector, with profit margins ranging between 3-5%. Additionally and as per the sector requirements and specifically with governmental procurement contracts, in order to qualify for the procurement bid, Al Bouthour has to submit a bank deposit as a financial guarantee that ensures good performance of the services agreement. The bank deposit is a percentage of the contract value, which could reach up to tens of thousands, which most of the time they do not have, or they do not have the liquidity luxury to spare.

Financing needs

Due to the negative impact of COVID-19 outbreak on the company’s operations, the company currently has an outstanding debt balance of JOD 150,000 including interest (around USD 212,000). Accordingly, and based on our discussions with the Company’s operations manager and financial manager, the company needs up to JOD 200,000 (around USD 282,000) in grants to manage their cash flow for up to 8 months, and pay part of the outstanding loans. In addition to that, a guarantee mechanism could also be explored to cover the banking deposit/guarantees to fulfill the requirements of the governmental contracts/procurement notices.

Use case

Based on the above, Al Bothour qualifies as an **R3** company, by providing direct employment opportunities for refugees from different communities living in Jordan.

Providing the required financial support to Al Bothour Company to

1. pay out the outstanding debt balance
2. Introduce a guarantee mechanism to enable the Company to win governmental contracts and create more employment opportunities for Jordanians and refugees.



صنارة Senara is an environmental and social enterprise with the mission to empower entrepreneurs in marginalized communities. It does that currently through two projects: 1) Hydroponic Farming project which focuses on producing and installing hydroponic systems as farming solutions for rooftops and agricultural lands; 2) Call Center project which builds the capacity of refugees in Gaza Refugee Camp and creates job opportunities for them. The business started in Gaza Refugee Camp in Jerash in 2019 as a pilot project with an objective of installing hydroponic systems for the families living in the camp to provide them with a sustainable income.

Senara locally designed and manufactured 7 different systems/solutions that could either be installed at the rooftops, gardens or on agricultural lands. Senara's main revenue streams are generated from: 1. Selling the hydroponic units 2. Offering hydroponic farming training 3. Selling subscriptions to hydroponic owners to provide them with the raw farming materials, maintenance and technical support in addition to providing them with sales channels and access to market 4. Call Center services.

Senara is currently working on developing their sales channels by selling the fresh produce to validate the value chain and generate income for entrepreneurs and Senara. Senara is also in the process of developing a Hydroponic Farming project to help and empower refugees in Nasr Camp, and is in advanced discussions with one of the main and largest management and hospitality companies in Jordan, who wishes to have Senara as one of their main suppliers for fresh produce (leafy greens and vegetables).

Additionally, Senara is in the process of building a franchising model, through which they will be providing direct finance (leasing options) to hydropreneurs who wish to run and manage the hydroponic units. This is being built with the support of cewas. Senara has more than 30 part time and full time employees from Gaza Refugee Camp who are mainly responsible for designing, manufacturing and providing training and capacity support to the hydropreneurs and providing Call Center services to an e-commerce company.

Financing needs

Senara is at an organic growth stage by selling the hydroponic units and the fresh produce with the support from donor agencies and accelerators. However, and to support Senara to expand locally and regionally, a total amount of USD 140,000 is required to cover the following costs:

- Operational costs for one year to sustain the activities of serving the communities Senara is empowering.
- Capital expenditures to get trucks and support the establishment of a manufacturing facility to reach economies of scale and be able to compete at local and regional level.

Use case

Senara is uniquely positioned as it qualifies for R2, R3 and R4: Senara is led by a refugee from Gaza, is hiring refugees and is supporting refugees to become business owners and to generate sustainable income.

Supporting Senara with its fundraising efforts, and providing them with the affordable and appropriate financing tools will enable them to hire more refugees in different areas across Jordan, to further empower families living in underprivileged areas to run their business by equipping them with the appropriate tools and technical capacity to generate sustainable income.



[Al Shaffaf Plastic Formation Company](#) produces a variety of transparent acrylic plastic products used to store or display advertising signs or retail goods like makeup and sweets. The business purchases acrylic boards in bulk, mainly from Thailand or Taiwan, and then designs and assembles products like decorated boxes, serving trays, custom display units, and even side tables and chairs. Its clients include confectionary shops, hotels, and other retail businesses in the local market and the Gulf Region (United Arab Emirates, Kuwait, Qatar, Saudi Arabia). The Company currently employs 8 full-time employees, 2 of which are Syrian refugees, and is working at full production capacity, producing 50 tons per year.

The company is fully owned by a Syrian migrant, who has been living in Jordan since 2004, before the conflict. After the conflict, and as per policies and regulations, he had to be issued with a refugee card.

Financing needs

Al Shaffaf expansion plans include relocating their operations to a development area, mainly Mafrag - King Hussein Bin Talal Development Area, in order to take advantage of the incentives and benefits on taxes and custom duties. The expansion plan will enable the company to meet the current and future demand of the clients, as according to the current production capacity, the Company is not being able to fulfill orders in a timely manner. According to the owners of Al Shaffaf, the expansion plan requires additional financing between USD 300,000 - 400,000 broken down as the following:

- 10% Machinery and production lines
- 40% Factory at the development area
- 50% operating expenses for three months

The expansion will enable the company to increase production capacity to 250-400 ton per year. Al Shaffaf owner is open to discuss different *affordable* financing options (equity or loans).

Use case

Al Shaffaf qualifies as an **R1** and **R3** company as it is fully owned by a Syrian refugee and employs Syrian refugees. By supporting Al Shaffaf expansion plans, the company will be able to create more employment opportunities for both Jordanians and refugees (mainly Syrian), and to expand regionally.

In addition, and given the fact that the Company currently hires only 8 employees, the Owner does not qualify for Investor Card requirements (at least 10 Syrian refugees) and accordingly is not able to travel to negotiate deals with clients. With our support, the Company will be able to meet the minimum requirements and accordingly the Owner will be entitled to the Investor Card.



[SOLVillion](#) is a startup that was established in 2019 with a mission to provide solutions for septic tank problems through the Decentralized Wastewater Treatment System (DWWS). The System is locally manufactured and designed in a way that could be installed over or underground for treating wastewater to be reused for gardening and farming purposes.

The DWWS is safe, affordable, environmentally friendly, and has no bad smell (odor).

SOLVillion's main customers are NGOs who work on clean water and sanitation, real-estate developers, healthcare facilities, schools and universities in addition to individual customers (households) who are not connected to sewage systems²⁷⁶.

SOLVillion installed 58 systems that connected 12000 people to sewerage systems in 7 cities including Amman, Al Mafrag, Jerash and Ajloun. SOLVillion trained 320 young people on water treatment and design thinking to equip them with the required skills to integrate within the labor market. SOLVillion currently employs 5 laborers and technicians from the Gaza camp in Jerash, who are well trained and experienced and are considered SOLVillion ambassadors for the local community in Jerash.

SOLVillion clearly understands the importance of installing their system within the refugee camps, as the system offers affordable and convenient wastewater management treatment solutions since the camp does not have access to the sewage system, and the camp can benefit from the treated water for

²⁷⁶ 35% of the population in Jordan, which is around 84% of the households in Jordan, do not have access to a sewage system.

agricultural purposes. However, SOLVillion's attempts to install the system at Zaatari camp were not successful as they were not granted the approvals from the relevant authorities. SOLVillion needs support in approaching UNHCR who potentially will be able to grant them approval to install the system within the camps.

Financing needs

Over the past two years, SOLVillion managed to:

1. Validate the system through the incubation process with different agencies, including but not limited to cewas, Shamal Start, and Injaz
2. Build several partnerships with local and international institutions, including but not limited to UNDP, Oxford Product Design, JoinUp, King Abdullah II Fund For Development and Al al-Bayt University
3. Build a customer base: Mercy Corps, Action Against Hunger, World Vision and Toilets for All.

SOLVillion expansion plans include developing a new enhanced version of the system in addition to introducing a financing tool that enables end customers to lease the system at affordable costs. Accordingly, the Company is currently fundraising a total amount of USD 100,000 which will be mainly spent on:

- Research and product development: develop a new version of the system according to the latest technological developments.
- Operation and working capital: build SOPs' for the process, team growth
- Piloting and testing the financing solution

SOLVillion's co-founder stressed the fact that they are looking for a strategic partner to support them with the Company's expansion plans and invest in their research and development plans and develop solutions that are up to date with the latest technologies and are affordable by the targeted customer base.

Use case

SOLVillion qualifies as an **R3** company, as they hire refugees and they provide services that directly benefit refugees and host communities. In addition to that, SOLVillion's business model is built on offering direct training programs to the youth including engineers, technicians, plumbers, and university students in the Water, Sanitation and Hygiene (WaSH) sector, to provide them with practical knowledge and skills to be integrated within the labor market.

Accordingly, supporting SOLVillion with their fundraising efforts will enable them to widen their customer base (host community and refugees). In addition to that, and through the support of JICA, we will be able to connect SOLVillion with the right contacts who will be able to grant them approvals to install the systems at the refugee camps.

A technical support facility could also be designed and introduced to subsidize the training courses offered to young Jordanians and refugees to equip them with the required skill set to enable them to access the labor market.



[Qumal](#) is a financial technology startup with a mission to change the ways people conduct business transactions. Qumal's mission is to introduce a variety of new technology based interventions for commercial and personal finance. Qumal uses technology to provide leading logistics and financial solutions to support businesses and ensure the continuity of

core operations such as trade, production and more. Qumal's goal is to help organizations not only in financing but also in managing capital and cash. This includes purchasing, inventory, receipts, payments, etc. Qumal uses Fintech to reduce costs and apply better and more appropriate processes and controls.

The underlying technology of Qumal creates chains and linkages between buyers and suppliers, and allows transactions between buyers and sellers to be financed by participating banks and financing institutions. If utilized properly, the platform would enable MSMEs to sell their credit worth receivables at a discount in exchange for immediate cash. The transaction only requires complete credit information on one or more creditworthy firms, mainly buyers.

The platform currently has 150 schools and a number of suppliers, and they are currently engaged with a bank to pilot the project as the platform offers banks a tangible opportunity to support the project and support financial inclusion.

Based on the above, Qumal is not being utilized fully, and further support is needed to raise the awareness amongst banks, MSMEs, and suppliers about the importance of such a tool.

Financing needs

Qumal's financing needs are around USD 500,000 to fine tune the platform and scale operations and to cover the operation costs of the platform for two years and to support the platform's participants in managing the contracts and transactions.

In addition to that, and from our discussion with Qumal founder, it came to our knowledge that in order to fully utilize the operations of the platform, a high level of support from the Central Bank of Jordan (CBJ) is required to encourage banks to participate in the platform and offer solutions that are not currently available in the market. These solutions will provide a wider customer base to the banks that were not previously eligible for the banking solutions, and accordingly will add a new revenue stream to the banks and financing institutions.

Use case

Qumal qualifies as an **R4** company, as it introduces innovative financing tools at affordable costs to its targeted customers including refugee owned businesses. Facilitating discussions with policy makers and market players at the level of the CBJ, banks and financing institutions will enable Qumal to introduce financing tools that meet the needs of the MSMEs (Jordanians and refugee-owned businesses) who are not eligible for the traditional financing.

SITTI

[Sitti Social Enterprise Ltd](#) is a social enterprise that runs its operations from Gaza Camp in Jerash, committed to the self-reliance of refugee and displaced communities through creating sustainable employment opportunities and delivering skill development training with an objective of achieving an inclusive global economy.

In addition to creating employment opportunities, Sitti Social Enterprise sales revenue supports community programming for refugees in their host communities, including computer classes, English classes and artisan training.

"In 2014, the Italian Agency for Development Cooperation facilitated a soap-making workshop for women living in Jerash/Gaza Camp with an objective of empowering women living in the camp and improving their

living conditions. However, by the end of the workshop, women were left with hundreds of soap bars that they did know what to do with. We started working with the women in the camp, to package these soaps with an objective of selling them and creating a sustainable employment opportunity for them based on the skills they have acquired as a result of the workshop. We currently run our operations from a renovated refugee home, and women community center in the Camp” - Sitti co-creator.

In 2016, Sitti Social Enterprise Limited was officially registered as a Social Enterprise registered as a Canadian LLC, and the company is also registered as a for-profit entity in Amman, Jordan, under the name ‘Hands of Sitti’. Sitti partners with Hopes for Women in Education, a non-profit registered entity in Jordan, to provide skills development support and employment opportunities for women living in the camp, with an objective of expanding their operations to integrate wider refugee communities across the Kingdom.

Sitti currently employs 34 people, most of which are refugees, who are considered the main sole providers to their households.

Sitti sells globally and has over 200 stockists in Canada, including a national distributor and strategic partnerships with third-party corporate gifting companies in the United States. Sitti has had over 2000 independent customers with an average of 38% returning customers.

Financing needs

Sitti financing needs are USD 500,000- 1,000,000 to mainly help them with their expansion plans that includes building a factory that meets with the international standards including GMP and ISO to enable them to access and meet the entry requirements of the Arab and the EU markets. Sitti is also looking to establish a secondary base in Los Angeles, California, USA – to expand corporate gifting offering in the United States (a \$242 Billion Dollar market)²⁷⁷

Use case

Sitti qualifies for both R2, and R3 as Sitti is co-created by a Palestinian refugee who lives in the Camp, provides direct employment opportunities to refugees living in the camps and outside camps, and collaborates with CBO across the country who share the same visions and values and to build on the CBO’s expertise, connections and linkages “Together we can do better” highlighted Sitti’s Co-creator.

Supporting Sitti with their fundraising efforts will equip them with the required standards that make them eligible and certified to enter new markets including the regional and the EU markets and allow for expanding the model of working with refugees using similar frameworks and structures to work beyond the Jerash Refugee Camp.



[Orbit Aluminum Industries](#) produces premium quality painted aluminum coils used in a wide range of products for architectural, corporate ID & signage, transportation, and industrial applications. The plant is strategically located in Aqaba, Jordan to serve diverse markets in the Middle East, Europe and North America. Orbit is a Private Family owned business with over 44 years of experience in diversified industrial activities, with a focus on aluminum and related building materials production.

²⁷⁷ [The 242 billion dollar business of corporate gifting - Forbes](#)

Orbit was originally operating from Syria, by running two factories, one for domestic demand and another factory that they started at the early years of the Syrian crisis to serve the needs of the international markets. However, and following the crisis, Orbit moved its export-related production lines to Jordan, Aqaba, with an intention of going to another country, potentially Egypt. However when exploring the investment environment in Aqaba, they decided to consider Aqaba as their investment destination for the following main reasons:

- Direct access to the port
- Tax incentives
- No custom duties in the development area

One of Orbit's main conditions to have their operations in Jordan/Aqaba was to allow them to hire Syrian refugees, and to relocate Syrian families from Syria to Aqaba. Aqaba Special Economic Zone Area (ASEZA) in collaboration with the Jordanian Intelligence Department agreed on this condition, provided that they will get the security clearance.

Currently Orbit employs 200 people, 40% of which are Syrian refugees. Orbit exports to different markets, including the Middle East, Europe and North America and has the US market as their main destination. 2% of their production targets the Jordanian local market.

Financing needs

Orbit's expansion plans include adding additional production lines to have fully integrated in-house operations which will give them a competitive edge over their competitors by reducing the production time to one month.

The expansion plan costs between USD 100-120 million over the coming four years. They have started discussing financing terms with a number of banks in Jordan, however, they are open to exploring more financing options including Sukuk, equity or loans from DFIs.

Use case

Based on discussion with the owners, Orbit Aluminum Industries qualifies as **R3** company as it is providing employment opportunities for refugees. Orbit, through its connections, was able to open bank accounts for their employees that most of the banks in Jordan are reluctant to do so. While the founders are Syrian, they are Canadian passport holders and Orbit is a wholly owned subsidiary of the Parent Company based in Singapore.

The expansion plans include creating 300 new employment opportunities for Jordanians and refugees, mainly Syrians. Accordingly, supporting Orbit with their expansion plans will enable them to expedite the expansion process, as currently they have USD 20 million in liquidity, and without having the full amount it will take them more than 4 years to implement their plans.

Additionally, Orbit's example could be used as a use case for replication, as they were able to set a precedent with banks to open bank accounts for their refugee employees. This could be further expanded with other banks, in addition to exploring the requirements that would encourage banks to extend credit lines (personal or business loans) to refugees living in Jordan.

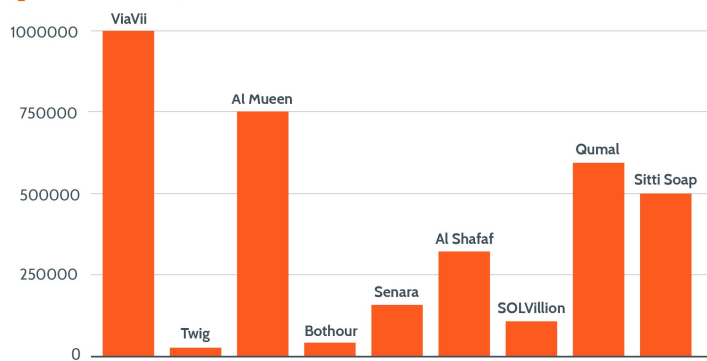
Summary of findings

The following table presents a summary of the main findings of identified illustrative investment opportunities:

Enterprise	Applicable RLens	Financing Needs (USD)	Technical Support
	R4	1 million	NA
	R1, R4	21,000 (as a grant)	Technical support facility to subsidize training courses for farmers and gardeners
Al Mueen	R3	500,000-1 million	NA
Bothour	R3	282,000 (as a grant)	Introduce a guarantee mechanism to fulfill the requirements of the governmental procurement process.
	R2, R3, R4	140,000	NA
	R1, R3	300,000-400,000	NA
	R3	100,000	A technical support facility to subsidize the training courses offered to young Jordanians and refugees to equip them with the required skill set to enable them to access the labor market
 Qumal	R4	500,000	Policy advocacy support with the CBJ and the banks in Jordan to encourage adopting the platform

With the exception of Orbit, as their financing needs are at a higher range, the below chart depicts the financing needs of the identified investment opportunities. The average investment need is around USD 400,000 which is considered to be the existing financing gap in Jordanian²⁷⁸, the missing middle. In terms

Financing Needs



Source: interviews with profiled companies over the course of the survey

of financing instruments, business owners were open to discuss different financing options and terms with investors (investment funds and other financing institutions), including soft loans, equity, quasi equity, and grants. However, common feedback from all participants was that the available financing options in Jordan are limited, expensive, traditional and do not take into consideration the different aspects of each sector and businesses.

In addition to that, business owners highlighted the fact that the investment decision process in Jordan is lengthy, requires having a lead investor as a pre-condition (for venture capital funds) collateral (banks), and no additional technical support is provided to help companies to sustain and grow their operations.

“It's not only the money that we are looking for, we are also looking for investors who could add value, support us to grow and open doors to us, we are looking for strategic partners”

As was highlighted by several business owners

As for technical support, a number of enterprises highlighted the fact that in addition to the financing needs, they would also benefit from a technical support facility that would help them to successfully run their daily operations and to grow their businesses.

²⁷⁸ Based on our discussions with different financing institutions in Jordan

Challenges & Opportunities

Our discussions with entrepreneurs and business owners confirmed our findings from the policy mapping analysis, which is summarized as the following:

Complex business environment

Challenge: The business environment in Jordan is challenging, with a complex and unclear registration process.

Opportunity: The Government of Jordan (GoJ) is currently working on streamlining the business registration process, through which the Ministry of Industry, Trade and Supply (MoITS) conducted a comprehensive review of all registration processes and identified all the steps required to register a business with the objective of removing duplications or overlapping steps. The MoITS completed the review, which is currently being reviewed and consulted across the public and private sector before enacting the streamlining during Q1 2022. Streamlining the business registration process is expected to simplify approvals and procedures, which is expected to remove ambiguity in the registration process that is being faced by refugees.

“We appreciate all the efforts that have been provided to us by the different donor agencies and support programs in relation to technical assistance, however, our main observation is that these programs are more theoretical than practical, what we need is to have more hands-on support from technical experts who can transfer their technical knowledge to our team members.”

As was highlighted by several business owners

Access to finance

Challenge: Access to affordable finance in Jordan is one of the main challenges faced by entrepreneurs and SMEs. Financing options are limited and are attached to stringent requirements including the availability of collateral and guarantees (for debt financing) or lead investors (for equity financing).

Opportunity: Several initiatives have been launched by the GoJ with the support of donor agencies to allow for introducing new financing tools to entrepreneurs and SMEs in Jordan, including:

1. Launching the [Regulatory FinTech Sandbox](#) that allows for testing and introducing innovative financing options.
2. Enacting the [Financing Institution Regulations](#) No. 107 of the Year 2021 that includes factoring services.
3. Enacting the [National Entrepreneurship Policy](#) that includes a pillar to support in bridging the financing gap in Jordan.
4. Drafting the Crowdfunding Regulation that is expected to be enacted in 2022.

In addition to the above initiative, financing institutions started introducing innovative financing options that directly address the needs of the targeted audience (entrepreneurs and MSMEs), including Grofin, Amam Ventures and Al Fanar, just to name a few.

Access to new markets

Challenge: Despite the fact that Jordan has access to 1.5 billion customers across 161 countries due to the different free trade agreements, business owners confirmed the fact that they are not able to utilize the benefits of these trade agreements due to logistical barriers, high energy costs that limit Jordanian

products' competitiveness, in addition to the fact that entry requirements to different countries (mainly Europe) requires huge amounts of capital which is challenging to access.

Opportunity: different initiatives have been recently implemented by the GoJ including the establishment of the Jordan Exports who is the national agency responsible for supporting SMEs in Jordan to access new markets by supporting them with building their marketing collaterals, building B2B linkages, conducting export readiness assessments, supporting inbound and outbound missions. In addition, the Ministry of Investment is currently working on drafting a policy paper that would potentially create a viable value chain ecosystem in Jordan that would enable Jordanian companies to utilize Free Trade Agreements, and would make Jordan as an international investment destination for international companies to benefit from the terms of the trade agreements.

Investors

This section aims to analyze the existing financing environment in Jordan through the RLens investments.

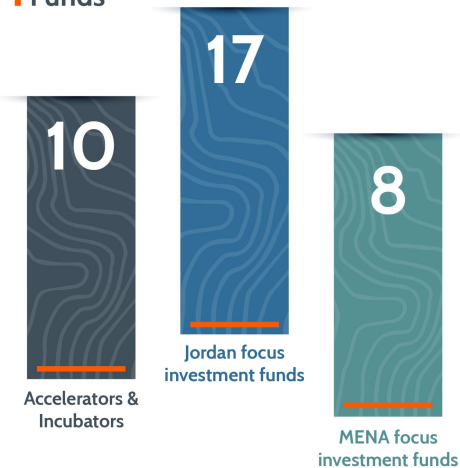
Methodology

In order to identify investment funds that could qualify an RLens financing institution/fund, we mapped over 37 incubators, accelerators, venture capital funds and financing institutions who:

- Are actively investing in Jordan as a primary focus and secondary focus on the region or international markets.
- Have an investment policy to invest in the region and holds a portfolio of Jordanian companies.
- Have an investment policy to invest in the region and the mandate to invest in Jordan, however not actively investing in Jordan.
- Accelerators who invest directly in their portfolio companies.

Our initial assessment was based on the publicly available information of the accelerators, incubators and investment funds' general investment policy, information about the portfolio companies, in addition to a high level desk research. Based on the assessment, it was found that a limited number of investment funds apply an obvious RLens within their general investment policy and selection criteria of investment opportunities. However, most of the funds had an "impact measurement element" which was presented in the fact that these funds would like to achieve social and environmental impact, including SDG measures in addition to achieving the desired financial returns as set by their investors.

Mapping of Accelerators and Investment Funds



Investment opportunities

We have profiled seven funds which we believe offer RLens promotion potential. Below is a detailed description of our discussion with the accelerators and investment funds:



cewas was established in 2010 and is considered the world's first dedicated impact-oriented water and green entrepreneurship support organization. cewas provides sector specific development support at the ideation, incubation, acceleration and scaling stages for companies operating in the following sector: 1. Water 2. Waste and resources 3. Food and agriculture 4. Sanitation 5. Hygiene 6. Environment and ecosystem. So far, cewas supported over 300 enterprises at all stages and have reached to more than 3 million beneficiaries.

In 2016, cewas established [cewas Middle East](#) with a focus on Jordan, Palestine, Lebanon and Iraq, and have built a network of over 30 partner institutions in the Middle East green entrepreneurship ecosystem including business support organizations, financiers, public institutions and market players and actors. So far, cewas Middle East has implemented more than 15 tailored programs from ideation to scaling.

The following are the main services offered by cewas Middle East:

- Sector specific business development support at ideation, incubation, acceleration and scaling stage
- Green entrepreneurial ecosystem development
- Impact investment facilitation and innovative financing instruments
- Institutional capacity building for technical and business support services
- Sustainable sanitation, water management and natural resource management training for practitioners
- Implementation of innovation projects in water, sanitation, waste and agriculture sectors.

More than 40% of startups and businesses supported by cewas Middle East apply an RLens by either being owned and led by refugees (R1 and R2), employ refugees (R3) or offer products/services to refugee communities (R4).

cewas Middle East works with the policy makers, market players and entrepreneurs in order to introduce innovative financing instruments that meet the needs of the sector. cewas highlighted the fact that *"there is no one solution that fits all financing instruments for environmental businesses, accordingly we focus on: tailoring innovative financing mechanisms so they fit to proven business models, developing end-user financing models, and facilitating external investments from the pool of impact financing partners."*

cewas is currently implementing several programs including the [Green Acceleration Middle East Programme](#) in collaboration with impact investors and partners including Islamic Development Bank, Swiss Agency for Development and Cooperation, Konrad Adenauer Stiftung, UNDP, Palestine Investment Fund and Arcenciel. Under this program, cewas provides direct support to enterprises to expand their market and impact growth through providing tailored training and coaching for investment readiness, establishing relationships with tailored networks of sector experts, partners, clients and investors. Our team participated in the Sneak Peek Pitch that was organized by cewas which gave us the opportunity to browse and speak to the participant enterprises, to learn more about their business model, financing needs and the required technical support to help them with their existing and future expansion plans, that would lead to further refugee integration in Jordan.

Funding opportunities/Fundraising efforts

As part of their acceleration programs, cewas is currently testing several financing tools with its portfolio companies before facilitating external investments from a pool of financing partners. This includes

integrating End-User Financing in Green Business Models. Cewas is still in the early stages of testing the model, and no results are available yet.

In addition to that, cewas developed an online [Tailored Investment Readiness Assessment Tool](#) that assists businesses with their financing journey and sets business development priorities, informs investors about the business stage of maturity and to prepare for an investment negotiation or due diligence process.

As part of cewas services to its portfolio companies, cewas facilitates investments from impact partners that could provide *grants or alike* (Impact bonds, SIINC, Performance-based loan, Performance-based contract, carbon credits), *equity or alike* (common stock, preferred equity, convertible notes, SAFE), *debt or alike* (venture debt, subordinate, loans, revenue-based loans).

cewas expressed interest in discussing potential partnerships and collaboration in their future activities and programs, in addition to discussing the opportunity to provide direct support in piloting and testing the financing tools with their portfolio companies.

Use case

Based on the above discussion, cewas qualifies as **R5 & R6** company as more than 40% cewas portfolio companies qualify as an RLens.

cewas would represent a good case of an RLens incubator and accelerator that would require further support in terms of introducing innovative financing tools that are relevant for its targeted groups in the water, waste and resources, food and agriculture, sanitation and hygiene sectors.

Partnering with cewas will support in introducing innovative and affordable financing tools that are specifically tailored to meet the needs of RLens companies and hence support refugees' integration in the Jordanian community.



[Alfanar](#) is a platform for strategic venture philanthropy that responds to the key drivers of poverty and vulnerability in the Arab world by helping ambitious social enterprises working in education, youth employment and women's economic empowerment grow their impact while becoming financially self-sufficient.

One of the main objectives of Alfanar is to help early to growth stage social enterprises to develop sustainable revenue streams in order to break the cycle of donor dependency. This is achieved through providing:

- Tailored funding that includes grants and zero-interest loans
- Management support, training and mentorship, powered by the Alfanar Sustainable Social Enterprise Training (ASSET) programme
- Access to networks and markets through business linkages and peer network
- Performance evaluation using business analytics to rigorously track social impact and financial performance

Since its establishment, Alfanar has supported 39 social enterprises that have impacted over 105,000 families and vulnerable individuals in Egypt, Lebanon and Jordan, including refugees. Alfanar's main areas of support were access to quality education, vocational training, employment opportunities for youth, women's economic empowerment and access to affordable goods.

In Jordan, Alfano, as part of a consortium, worked to strengthen 58 social enterprises by delivering training and targeted management support. While refugees were not the main focus of the programme, a number of enterprises did apply an RLens within their core operations. In addition to that, Alfano is part of a national committee to advocate for the development of a formal social enterprise legal framework to strengthen the ecosystem in Jordan.

Funding Opportunities/Fundraising efforts

Alfano is currently working on the launch of two funding priorities: Alfano Venture Philanthropy Portfolio in Jordan and a Regional Impact Fund.

Alfano Venture Philanthropy Programme (VP): Provides up to £250,000 £300,000 (338,000 - 405,000 USD) in financial investment over a four year period, coupled with extensive management support and training. Additionally, for each £30,000 (USD 40,594) invested as a grant, Alfano invests approximately £16,000 (USD 21,650) worth of high engagement support including weekly online engagement and monthly in-person visits, networking connections, training and business planning in addition to global exchange opportunities.

For the VP in Jordan and Palestine, Alfano will be adopting a new model through which they will identify 8 social enterprises to work with on core training topics in addition to offering a small award. From the 8 enterprises, Alfano will select 5 enterprises to progress to business planning and will enable for a fast tracked due diligence. Finally, 2 to 3 enterprises will then be selected based on their business plan and board approval for long-term investment as part of the VP portfolio, with the potential to join the Impact Fund if they fulfil the criteria.

Regional Impact Fund: is a USD 50 million impact investment vehicle that aims to maximise positive and measurable social impact while addressing the critical funding gap for successful and promising social enterprises and businesses with impact across the MENA region, with up to 80% of the capital allocated to Egypt, Lebanon and Jordan. The fund will also have a Technical Assistance Program to support the Fund's investees' growth. *The fund has not yet been launched as it is at the fundraising stage.*

Alfano has supported the growth of social enterprises that embed a focus on refugees and recognises the importance of integrating refugees as a core part of an enterprise's focus. As such, targeting refugees will be one of the Fund's main focuses and the ability to work across Jordan, along with a number of regional countries, will enable Alfano to work in refugee camps and areas such as Irbid, Mafrq and Jerash, that are home to large refugee communities

Use case

Alfano qualifies for both **R5** and **R6** companies/financing institutions. Supporting Alfano with their fundraising efforts and the delivery of the technical support activities/programmes will help in reducing the financing gap for refugee investment in Jordan, by investing and supporting refugee-owned/led businesses or businesses that are offering direct support (products or services) to refugees, ultimately achieving inclusive integration of refugees within Jordan.

Additionally, Alfano is currently exploring local partnerships to support cohorts of social enterprises that focus on women, children & youth and education, irrespective of sector. These social enterprises could then qualify to join the Venture Philanthropy portfolio for long term investment, post a 6-9 month pilot

that includes customized training, an award and developing a thorough business plan to pitch to Alfamar. Alfamar is committed to supporting social enterprises that have strong, sustainable social and environmental impact.

During our discussions with Alfamar, they expressed interest in establishing partnerships to support them with the following:

- Funding to support the VP programme in Jordan and Regional Impact Fund.
- Strategic partnerships to develop social enterprise specific programming, with a focus on enhancing impact modelling, measuring and reporting both in Jordan and regionally.
- Access to networks that can provide investment opportunities for social enterprises to grow their potential.
- Expanded access to markets to enable social enterprises to explore opportunities beyond the region and scale their operations.
- Sector specific experts that can volunteer their time to provide technical support to social enterprises.

Luminus ShamalStart is one of the leading business accelerators in Jordan that is located in Irbid to support and enable entrepreneurs with cutting-edge ideas in creating sustainable businesses focusing on the manufacturing sector. ShamalStart was established in 2016, by Luminus Education and in partnership with the Royal Scientific Society -iPark and was funded by the European Union.

The main objectives of ShamalStart is to:

- a) Promote innovation and entrepreneurship for youth among refugees and hosting communities
- b) Enhance the Job creation and economic impact in the North of Jordan
- c) work on building a positive and collaborative approach between host communities and refugees instead of considering each other as a threat and competitor for the current and future job opportunities, either created by the government or the private sector. This is a good model for a refugee lens/inclusive economy accelerator.

According to our discussion with ShamalStart Founding Manager, since 2016 ShamalStart has received more than 5,000 applications, trained more than 1,000 entrepreneurs. 300 Startup teams attended the entrepreneurial boot camps, more that 140 startups were incubated and provided with more that USD 1.8M of seed funding. Supported startups managed to create over 500 jobs (high level jobs). A number of the incubatees managed to export products to the EU, the Gulf Region and some to Japan and the USA with a total export value of more than EUR 1 million (USD 1.3 million) as of 2019. In addition to that, graduates managed to raise around EUR 3 million (USD 3.4) from different investors.

ShamalStart is considered as a good model for a refugee lens/inclusive economy accelerator as, despite the fact the EU funding was tailored to encourage the integration of Syrian refugees with the Jordanian economy, ShamalStart opened its program to different refugee communities including Yemenis, Iraqis and Palestinians. ShamalStart incubated a number of refugee-owned and led businesses and supported them to secure governmental approvals to start their businesses.

Funding Opportunities/Fundraising efforts

In order to support incubatees with their fundraising efforts, they have established a number of partnerships with accelerators, investment funds and private investors including Oasis500, Beyond Capital, ISSF, in addition to several regional investors including OQAL angel investors network.

In order to institutionalize these efforts, ShamalStart is currently in the process of designing a Hard-Tech investment fund that will enable different investors (institutional investors, private investors, DFIs or VCs) to invest directly in the fund and to give the opportunity for investors to provide direct guidance and mentorship to startups whenever required. ShamalStart wants to explore new financing instruments that meet the needs of their portfolio companies, as the existing tools offered by VCs operating in Jordan are not flexible enough to take into consideration the needs of manufacturing companies (establishment needs, financing terms, production cycle, exit options..).

Use case

ShamalStart qualifies as an R5 and R6 company.

Providing direct support to ShamalStart during the design phase of the investment fund will:

- Introduce innovative financing tools that are expected to bridge the financing gap in Jordan, mainly at the early stage for manufacturing sector.
- Set the investment and fund terms (fund size, targeted companies, expected impact and return, required technical support,..).
- Offer a tool that enables private investors to make better informed investment decisions and to provide direct guidance and mentorship to businesses.

In addition to that, anchoring the fund will support ShamalStart in securing commitments from different investors (private, VCs, impact investors and DFIs).



Amam Ventures is Jordan's first SME gender lens fund that provides risk capital coupled with technical support with an objective to support the sustainability and growth of commercially viable SMEs that are committed to diversity and inclusion, while also working on enhancing their ESG performance.

Amam Ventures is a USD 30 million fund that aims at introducing a new financing instrument - quasi equity, that is *"fair and risk-aligned that meets the actual needs of the SMEs working in the traditional sectors, not only technology startups"* according to Amam Ventures Founder. By introducing the quasi equity financing instrument, Amam Ventures is leveling the playing field and widening the circle and the depth of the funding ecosystem in Jordan.

Amam Ventures tickets are between USD 250000 - 2 million, and they invest in companies that meet one or more of the following, which is in-line with 2x challenge²⁷⁹:

1. Entrepreneurship: a woman as a co-owner or co-founder in the business
2. Leadership: 20-30% women in senior management
3. Employment: 30-50% share women in the workforce
4. Consumption: products or services that specifically benefit women

²⁷⁹ 2x Challenge: Financing For Women

So far, they screened over 100 SMEs operating across different sectors and in different governorates in Jordan.

Funding opportunities/Fundraising efforts

Amam Ventures is a USD 30 million impact fund that has already secured funding from Innovative Startups and SMEs Fund (ISSF) and Dutch Good Growth Fund (DGGF) as a first step towards a fully-fledged fund. The fund was established with the support of Beyond Capital.

In addition to funding, Amam Ventures provides technical assistance to support the sustainability and growth of SMEs that are committed to diversity and inclusion. The technical support is offered through Arcan Program, which was developed and designed by Amam Ventures taking into consideration the feedback of 1000s of entrepreneurs. They are currently implementing the following main activities²⁸⁰:

- **Get on Board:** Building a pipeline of capable women who are ready to serve on corporate boards while at the same time improving the governance of SMEs.
- **Wathba:** a group of mentorship and business development programs that is specifically designed to build the capacity of women who lead micro and small businesses.
- **Action for Growth:** A 4 months growth readiness and business innovation bootcamp for SMEs that are looking to take their skills and businesses to the next level.
- **Tanweer:** Democratizing knowledge through virtual workshops and speaker series, covering a wide spectrum of topics, accessible to a wider audience.
- **Impact Circles:** Monthly intimate meet-ups with SMEs, subject matter experts and ecosystem stakeholders to discuss social and environmental impact across sectors.
- **Master Your Numbers:** A comprehensive financial planning workshop that provides business owners with the knowledge they need to translate their dreams into numbers.

Use case

The fund is not directly applying RLens within its eligibility criteria. However, further discussing the definition and ultimate objectives of the RLens, we came to see that Amam Ventures and other VCs are *indirectly* applying the RLens within their wider selection criteria for investment cases.

Supporting Amam Ventures with their fundraising efforts, and finding the right partners that have aligned interests with Amam Venture's investment mandate, to secure the final close of USD 30 million and invest in companies that are directly and indirectly applying the RLens.

Additionally, supporting Amam Ventures with its different capacity building programs would potentially help in building a pipeline of investments that apply RLens and support the inclusive integration of refugees within the Jordanian economy.



[Grofin Jordan](#)/The Nomou Jordan Fund ("The Fund") was launched in 2014 to support the development of the Small and Medium Enterprises (SME) sector. The Fund employs GroFin's business model based on GroFin's commitment to provide its clients with support beyond

²⁸⁰ Amam Ventures Arcan Program

finance. The fund's shareholders include GroFin Capital, KfW Development Bank, Lundin Foundation and the Soros Economic Development Fund.

Nomou Fund adopts a hands-on strategy and provides tailored business support and development solutions that enables its portfolio companies to sustain and grow their operations. Grofin's business support team engages with each client before the investment to assess the business and financing requirements in order to structure an investment and business model that addresses the actual needs of the business.

The Fund is sector agnostic, with a special focus on sectors that are employment-intensive to create the maximum impact. In addition to that, the Fund's mandate includes a strong focus on investing in women-owned businesses and businesses owned or employing refugees and migrants.

Nomou Fund invests in growing businesses that lack credit records and are not able to meet the collateral requirements of the financing institutions, however they have the potential to sustain and grow their operations if provided with the appropriate level of support. They believe that there are viable businesses in Jordan that can compete at regional and international levels if provided with an appropriate level of financial and business development support. It was their objective to introduce a new model into the market that targets the risky businesses (viable businesses that are not bankable) that do not meet the minimum requirements of the financing institutions in Jordan. The investment ticket size ranges between USD 100,000 - 2 million using a "self liquidating" tool, a quasi/mezzanine financing instrument with repayments linked to the investee's cash flows.

Funding opportunities/Fundraising efforts

Nomou is a private debt fund with an option of around max 5% of equity funding to mainly invest in growing businesses operating in Jordan. As of September 2021, Nomou invested a total amount of USD 26.5 million in 45 businesses and sustained a total of 2,745 jobs.

Nomou adopts an integrated approach to responsible investing, with ESG considerations taken into account during the investment and business development support provided to the portfolio companies to maximize impact and mitigate risk.

As was mentioned earlier, Grofin offers hands-on support to its portfolio companies to ensure proper implementation of the projects, activities, and support with the growth plans. During the COVID-19 outbreak, Grofin provided direct strategic and financial support to its portfolio companies, to support them to overcome the negative impact of the pandemic including cash management support and linkages to financing institutions to help them with their fundraising efforts. In addition to that, Grofin/Nomou Fund offered concessions of loan repayments (principals and interests) up to 18 months.

Grofin is currently fundraising for the next fund with a fund size that ranges from USD 25-50 million.

Use case

Based on the above, Grofin Fund qualifies as an R5 and R6 company/financing institution. Grofin, through Nomou Fund, invested over USD 9 million in 14 businesses that are owned/led or are employing refugees. These businesses created and sustained over 206 employment opportunities for refugees.

Grofin is one of the few financing institutions in Jordan who is offering innovative financing tools to businesses that are not eligible for banking solutions or are not on the radar of other financing institutions, including refugee owned/led and supporting businesses. In addition to the Fundraising, Grofin requires support to help them in extending the business development support to their existing and future investees, including financial management and cash management support, market linkages, supply chain management, HR and legal support.

Supporting Grofin with their fundraising and technical support will enable them to expand their support to underserved and unserved businesses, including refugee owned/led and supporting refugees.



17-Ventures and Small Enterprise Assistance Funds (SEAF) Jordan worked closely with international partners including EBRD, DFC, USAID, Proparco, Bio, FMO and IFC, in addition to local institutional investors including ISSF and Beyond Capital to design a Fund (Jumpstart Fund) that introduces an innovative financing tool to meet the needs of SMEs that came as a result of COVID-19 outbreak. The Jumpstart Fund is expected to act as a Warehousing Facility for SEAF Jordan Growth & Impact Fund of a total value of USD 100 million.

The SEAF Jumpstart Fund Project has two parallel tracks:

1. Capacity building for the country's SME ecosystem: that includes providing technical support to SMEs to equip business owners with the necessary tools and knowledge to better manage their businesses. The capacity building programs will incorporate SEAF's SDG Inclusion Scorecard (SIS), which is expected to assess companies' performance in different vectors including SDG 5 Gender Equality as they relate to inclusion.
2. Bridge the funding gap: the Jumpstart Fund, is expected to leverage more capital from local and international investors, and will allow Jumpstart Fund to introduce innovative financing tools that address the needs of startups and SMEs including women-owned businesses.

Funding opportunities/Fundraising efforts

As mentioned earlier, the SEAF Jumpstart Fund is a Warehousing Facility for SEAF Jordan Growth & Impact Fund with a total fund size of USD 100 million. SEAF and 17-Ventures are currently discussing a grant facility from Global Affairs Canada (GAC) of a total value of CAD 5 million. The grant facility is expected to enable the fund manager – SEAF Team Jordan to:

1. Set up their initial Jumpstart Fund and provides a signal to other investors of the opportunity to invest in Jordan.
2. Acquire capital to invest in 2-3 companies.
3. Leverage the Grant Facility to attract more capital from local and international investors to secure commitments to the final close of the USD 100 million and to help in implementing the SDG Inclusion Scorecard (SIS) and invest in more companies.

It is worth noting that SEAF Jordan team built a pipeline of 184 investment opportunities which were segmented by industry, geography, gender diversity and female representation levels, size of the company and funding requirements, sourcing method (chamber of industry and commerce, VC ecosystem, consulting firms, desk research, investment events), and SDG alignment and COVID-19 resilience.

In addition to that, and in order to design an investment strategy that responds to the needs of the Jordanian entrepreneurship ecosystem, SEAF Jordan built a pipeline of 184 investment opportunities that were segmented by industry, geography, gender diversity and female representation level, size of the company and funding requirements, and SDG alignment and COVID-19 resilience. Following that, SEAF Jordan team interviewed 100 companies out of the 184 to learn more about their businesses, challenges and financial and technical capacity needs to scale and grow their businesses.

The SEAF Jordan Growth and Impact Fund has also applied for CAD 20 million to act as a first loss facility, thus making it the first blended finance fund initiated by a fund manager in Jordan.

Use case

Based on the above, Jumpstart Fund qualifies as an **R5** and **R6** company/financing institution. Supporting SEAF Jordan with their fundraising activities is expected to introduce technical support facility and financing tools that directly respond to the needs of MSMEs, as the Fund's investment strategy was designed by consulting with the ecosystem main players and interviewing targeted MSMEs and identifying their main needs (technical support and financing).

The Fund is uniquely positioned to provide support to RLens enterprises in Jordan, as the Fund is backed by a global impact fund manager (SEAF) who has a track record in investing in refugee-owned, led and supporting enterprises for decades.



DRC, in collaboration with iGravity are in the process of launching [The Refugee Investment Fund](#) that is expected to employ a blended finance model that combines grants and investments to be invested in **Jordan** and Uganda. The fund will raise grants from donors to cover fund management, execution, technical assistance and investments in a revolving fund. Impact investors can invest in the fund with limited return/capital preservation targets, terms dependent. The Fund mainly targets investing in:

- Locally established companies employing or seeking to employ displaced persons.
- Local established companies providing goods or services to displaced persons.
- Financial institutions and startups and entrepreneurs with new, scalable solutions.

In order to meet the financial needs of a wide spectrum of the targeted groups, the Fund aims to use a variety of financial instruments including:

- Concessional and impact-linked loans
- Revenue-based agreements
- Equity and convertible loans
- Guarantees
- Social impact incentives

Additionally and in order to allow the Fund's portfolio companies to sustain and grow their operations, 10-20% of fund total size will be allocated for a technical assistance facility with an objective to:

- Improve Impact: Displacement-focused product design, business models, customer engagement and feedback loops, and linking investees to supportive ecosystems and relevant partners
- Provide Business Advisory: Appropriate support to grow investees for sustained impact, incl. business development, market analysis, financial management (i.e. accounting) and information systems, and staff development

Funding opportunities/Fundraising efforts

The Fund aims to raise a total amount of USD 3-5 million from impact investors and donors to be invested as a pilot phase in 10-15 companies over 5 years in Jordan and Uganda. The Fund will adopt an Impact-First Approach that ensures high social return on investment and capital preservation and limited return investment options. To measure these impacts the Fund will employ both social and financial impact metrics at the individual deal and portfolio level using an impact monitoring and measurement tool. Additionally, deal-specific KPIs will be identified to assess the unique nature of each investment using the Global Impact Investing Network (GIIN) IRIS system and linked to SDGs.

The fund is still in the design phase and depending on the final discussions with the inventors, the Fund will employ one of the following Fund's structures:

- Option 1: a blended vehicle with investment tranche and grant funding of execution costs and TA facility
- Option 2: Blended vehicle with grant revolving fund and investment tranches and TA facility

Use case

Based on the above, the Refugee Investment Fund (RIF) qualifies as an R5 and R6 company/financing institution. Supporting DRC and iGravity with their fundraising activities is expected to facilitate more RLens investing into the country as the fund is fully dedicated to investing in RLens companies. The Fund is well positioned to implement and achieve the desired impact measures as the Fund will be implemented by two major players who combine impact investing experience with refugee insights and global presences and networks.

Summary of findings

Accelerator/Fund	RLens	Future Funding	Financing tool
	R5, R6	TBC	Blended, Quasi Equity
	R5, R6	USD 50 million	Blended
	R5, R6	TBC	TBC
	-	USD 30 million	Quasi Equity
	R5, R6	USD 25 - 50 million	Mezzanine/Quasi equity
	R5, R6	TBC	Blended Finance
 	R5, R6	TBC	Blended Finance

Based on the above, 6 out of the 7 interviewed incubators, accelerators and investment funds showed direct application of RLens (R5 and R6) within their investment policy and investment strategy mandate.

Only one of the interviewed investment funds, Amam Ventures, did not show a direct application of the RLens within its investment strategy. However, Amam Ventures is indirectly applying the RLens as an R6 RLI by having their investee companies provide direct support to refugees by either being co-led by refugees or providing employment opportunities for refugees. This is an example of where an existing fund could be more intentional about using the RLens and as a result, expand their potential impact on inclusion and qualify for RLens investment in the future.

The total confirmed values for future fundraising as identified by the interviewed fund managers and financing institutions is set at USD 180 million, USD 150 of which have a direct of RLens within their

investment mandates. In addition to that, and given the fund managers comprehensive understanding of the Jordanian environment and financing challenges, fund managers decided to introduce new tools that are tailored to the needs of their targeted audience. These tools include blended finance mechanisms, quasi equity and all of the financing is supported with technical assistance and hands-on strategy.

These funds are expected to be raised and closed in the coming two years, resulting in deploying more capital into the Jordanian ecosystem, which is expected to support in achieving the desired inclusive economic integration and growth.

Challenges & opportunities

Financing options

Challenge: limited available financing options that are not affordable or accessible to Jordanian enterprises. Venture capital tends to focus on high-growth, exit-oriented operating procedures built on time horizons that are connected more to the goals of the investor rather than what is appropriate or relevant for the business and/or entrepreneur.

Opportunity: Fund managers have started realizing that “traditional VC financing” is not as applicable to the Jordanian market as previously thought and supported. This has paved the way for fund managers to further explore and introduce new tools such as outcome-based finance that looks beyond the commercial returns and uses conditional finance as a tool to advance social, environment and governance impact outcomes. In recent years, fund managers started introducing and exploring new funding models that respond to the needs of the Jordanian entrepreneurship ecosystem including SEAF/17-Ventures, Amam Ventures, Grofin, Al Fanar, and iGravity.

Donor agency support

Challenge: donors’ support play a major role in building a vibrant entrepreneurial ecosystem in Jordan, by continuously providing direct technical and financial support to entrepreneurs and SMEs. However, donors’ efforts are fragmented and programs are designed to mainly achieve each donors’ objectives rather than aligning these objectives with Jordan’s SMEs development agendas and strategies²⁸¹.

Fund managers highlighted the fact that the due diligence process for securing commitments from donors is complex and lengthy and takes at least two years to complete. This delays the fundraising process and cripples fund managers’ abilities to leverage more funding from private investors. In some cases these delays have led to failed raises or a shift to other markets.

Opportunity: donors started realizing the importance of adopting a collaborative approach in supporting the GoJ in implementing their agendas and strategies by carefully coordinating their efforts to maximize the impact and to complement, rather than to duplicate efforts. This is being institutionalized and managed as part of the Ministry of Planning and International Cooperation (MOPIC) - Reform Secretariat mandate.

Unify and simplify donors’ due diligence process in order to be able to support fund managers with their fundraising efforts and to leverage more capital into the Jordanian economy that will support both donors

²⁸¹ Interviews with fund managers, business support agencies and governmental agencies.

and fund managers in achieving their objectives and economic growth.

Jordan Value Proposition

Challenge: Jordan's existing Value Proposition focuses on Jordan's main competitive factors, including human capital, access to markets, location that is of main interest to investors who are interested in investing and setting up business operations in Jordan with the first objective of achieving commercial returns. However, Jordan's Value Proposition does not take into consideration the key competitive factors that appeal to mission-first impact investors and financial-first impact investors, who are interested in learning more about the environmental, social, governance impact (ESG) their investments are going to achieve in addition to the financial returns.

Opportunity: There is a great opportunity to test this with the Global Steering Group for Impact Investment (GSG) and the establishment of a Jordan National Advisory Board (NAB), and crafting a "Why Jordan Narrative" that targets different audiences of investors (mission-first impact investors, financial-first impact investors and commercial investors). The inclusion of RLI as a core component of the NAB's mandate would strengthen the FDI appeal of the "Why Jordan Narrative."

Microfinance Institutions

There are ten major MFIs that are operating in Jordan with nearly 201 branches deployed in all 12 governorates of Jordan. They are all members of the National Microfinance Association (Tanmeyah). Most of the MFIs show strong and sustainable operational and financial performance. As of Q3 of 2021²⁸², the total Gross Loan Portfolio (GLP) was set at JOD 261 million over 416,018 active loans, with an average outstanding loan size of JOD 628 with a Portfolio at Risk/30 PAR30²⁸³ 13.4%. Women borrowers account for over 70% of the active borrowers.

Refugees are perceived as high risk due to many reasons, with a stress on *perceived*, in this context. Combined with not having a credit history and lacking collateral or proper documentation in addition to the high flight risks, refugees have limited access to formal lending.

However, a few institutions with the support from Development Finance Institutions were able to extend direct loans to refugees in Jordan. Our approach in identifying opportunities within the microfinance sector, was based on collecting data and information using high level desk research and conducting in-depth interviews with a number of enterprises who were able to introduce innovative tools targeting refugees and host communities. All our profiled MFIs are in the Investment Pipeline and Use Cases: Enterprises, Funds and Microfinance Institutions report.



Methodology

Given the fact that a limited number of MFIs have a direct and clear mandate to invest in RLEns businesses, it was our objective to highlight the international good practices when it comes to microbusiness lending. In addition to that, we profiled a number of MFIs that successfully implemented refugee lending programs by conducting a high level desk research and by conducting direct interviews.

²⁸² Q3 2021 Members Performance Reprint - Tanmeyah

²⁸³ Is the most common indicator used by MFIs to assess the quality of performance of the MFIs portfolio. PAR30 is the percentage of gross loans portfolio that are overdue by more than 30 days.

Summary of Findings

MFI/Fund	RLens	Required TA Support /Key Takeaways
Refugee Development Impact Bond	R6	<ul style="list-style-type: none"> - Structuring the Impact Bond is a lengthy and expensive process. - KIOS managed to acquire the know-how to be shared and replicated by different players. - Support humanitarian actors and impacted communities better respond to the impacts of forced displacement and protracted crises
	R5	<p>TA support to introduce/develop:</p> <ul style="list-style-type: none"> - Refugee Credit Assessment Tool - Risk sharing facility and loan guarantee program - Introduce innovative financing tools - Capacity building programs for MFI staff members
	R5	<p>TA support to introduce/develop:</p> <ul style="list-style-type: none"> - Impact measurement tool - Digital Identity protocol - TA facility to support MFIs in Jordan

Based on our high level desk research analysis and discussions with local and international players, we confirmed that Jordan has a great opportunity to further explore and introduce innovative microfinance lending. This is contingent on MFIs being equipped with the relevant risk assessment tools, technical capacity that enables them to assess and support RLens businesses, in addition to introducing innovative financing tools that are directly relevant to address RLI and are based on the needs of those needing the finance.

Challenges & Opportunities

• Perceived risks

Challenge: Refugees are perceived as high risk due to many reasons including the high flight risks to go back to their home countries or to be resettled in a third country, lack of a credit history and lack of collaterals or proper documentation. For these reasons, refugees have limited access to formal lending.

Opportunity: A number of financing institutions, local and international, have piloted successful refugee-lending programs with repayment rates equivalent and to a certain extent higher than non-refugee lending. Refugees pay on time, and they manage to sustain and grow their operations as a result of the

microlending loans. In addition to that, a number of donors supported the development of risk assessment tools, to enable financing institutions to assess refugee-related risks and to take into consideration the different factors that are attached to refugee lending including flight risks and the lack of collaterals or proper documentation.

- **Product and refugee lending development**

Challenge: there are limited options for refugee-lending that limits their ability to access loans that meet their needs and limits their ability to grow and scale.

Opportunity: different programs are currently being developed to support MFIs and financing institutions to introduce refugee lending programs that are best suited to the needs of refugees and well positioned to support them to grow and scale their operations. Kiva is pioneering these programs through its technical assistance facility that is being implemented in close coordination with the local partners who understand the dynamics of their countries. Additionally, the risk assessment tools developed by EBRD and the Digital Identity Card to be developed by Kiva are also expected to support the development of new refugee lending programs and channel more capital in this space.

- **Technical Capacity of MFIs and Financial Service Providers in refugee lending**

Challenge: understanding refugee needs and being able to assess the creditworthiness

Opportunity: different refugee-lending programs have been implemented in Jordan by MFIs and other financing institutions by which they have acquired knowledge and developed approaches and procedures, and products to meet the profiles of refugees (and low-income Jordanians). In addition to that, donor communities also provide support to MFIs and financing institutions to build the capacity of their staff to better serve refugee needs.

Assessing for impact

This study has provided a qualitative assessment of the applicability of the RLen through mapping, analysis, case studies and interviews. A more robust impact assessment requires the establishment of a considered methodology. While the exhaustive design of such a methodology is beyond the scope of this study, there is merit in examining the application of our pilot methodologies for investment impact assessments in Jordan.

This methodology²⁸⁴ provides a framework for an RLen enterprise's impact within the context of:

- a) FDI quality measures aligned with SDG goals;
- b) Specific obstacles to refugee economic integration, through specific obstacles identified by this study; and
- c) A coded application of RLen criteria.

At the core of this methodology is the design of a simple set of metrics to aid decision makers in their assessment of the impact of RLen enterprises being considered for investment. It takes issues that are largely reported qualitatively and provide a quantitative framework for their assessment.

²⁸⁴ This methodology is built on Expectation State's Social Impact Assessment Framework which has been tested and applied with the Government of Tunisia. Expectation State and the RIN have adapted the framework to include the context of Jordan and RLI.

Step one: Measuring the degree to which investment into an RLens enterprise addresses SDG-aligned FDI quality indicators.

FDI quality indicators were created by the OECD in 2019 as a means to equip decision makers with an actionable tool to mobilize FDI that maximizes inclusive and sustainable growth and supports progress towards the SDGs.

It consists of 21 indicators clustered in five categories: Productivity and Innovation, employment and job quality, skills, gender equality and carbon footprint.



At a national level these indicators can be addressed quantitatively; however, at enterprise level, indicators are assessed qualitatively, with their resultant score allowing for quantitative comparison.

Example RLens Assessment

1 = positive
0 = negative



Following the assessment of the degree to which investment into an RLens enterprise contributes to SDG attainment, an assessment must then be made of the degree to which that enterprise is affecting the issues facing refugees in Jordan.

Step two: Measuring the degree to which investment into an RLens enterprise impacts obstacles facing refugees in Jordan

RIN's 3I survey in Jordan articulated a number of obstacles to greater economic integration of refugees into the work-force. Measuring the degree to which RLens enterprises directly address these obstacles allows for an assessment of their impact on the lives of refugees.

Obstacles (and potential measures) identified include:

1. Access to banking, credit and financing

- Assisting employees in getting bank accounts
- Providing digital payment methods in absence of bank accountants
- Employer guarantees to underwrite access to finance

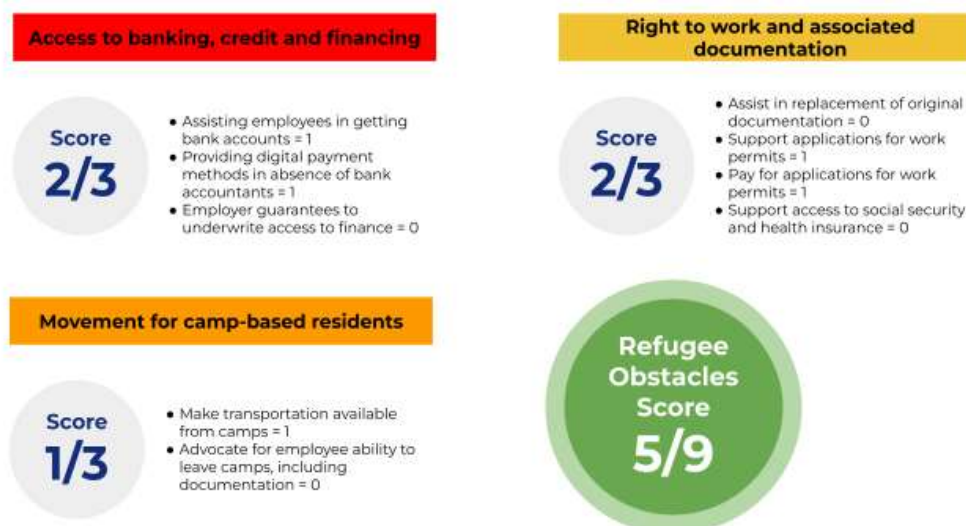
2. Right to work and associated documentation

- Assisting in the replacement of original documentation
- Supporting applications for work permits
- Paying for applications for work permits
- Supporting access to social security and health insurance

3. Movement for camp-based residents

- Making transportation available from camps
- Advocating for employee ability to leave camps, including documentation

An assessment of a RLens enterprise's engagement with these issues will judge the degree by which the enterprises are directly engaging on issues affecting the economic integration of refugees in Jordan. An example score is as follows:



Step three: A coded application of RLens criteria.

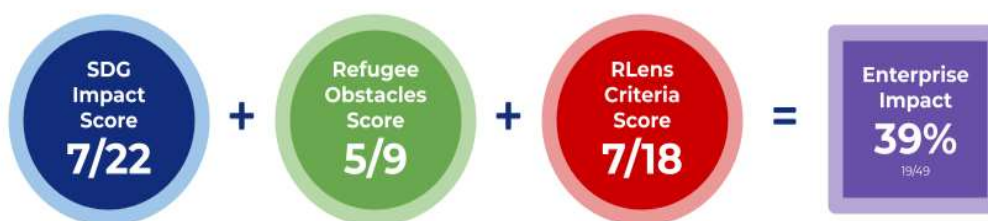
An enterprise qualifies as an RLens enterprise if it meets one or more of the following criteria (outlined fully in section 3, approach and methodology):

- R1: Refugee-Owned*
- R2: Refugee-Led*
- R3: Refugee Supporting*
- R4: Refugee Supporting - Host Weighted*
- R5: Refugee Lending Facility*
- R6: Refugee Funds*

By judging the *strength* of that qualification, across each of the six categories, we can create a quantitative and comparative reference. For example:



Drawing together all three scores allows for a comparison of both the wider and RLens-specific impact of a particular RLens enterprise in a way that affords both methodological rigor and the simplicity required by decision-makers.



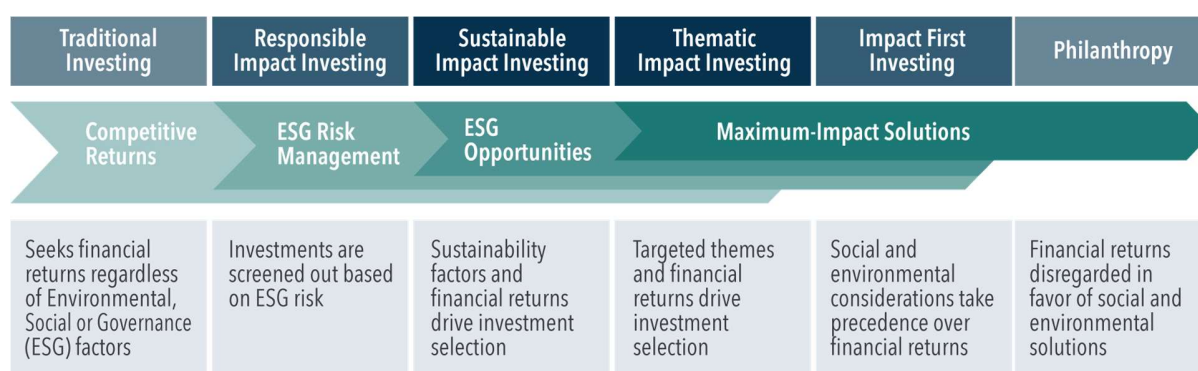
The above methodology serves as a blue-print for further interrogation, refinement and application.

13. Investment Thesis & Recommendations

This section draws on the mapping, data, analysis and findings of the previous three sections to provide a clear rationale and thesis to frame future RLens investment in Jordan. Based on that thesis, we have been able to recommend a series of specific actions and activities that can be undertaken to help realize RLens potential in Jordan. The primary audience for these recommendations is JICA, as the organization that commissioned this research; however, they have application across a range of actors both inside and outside of Jordan.

Investment Thesis

Our thesis begins with an articulation of the potential for the RLens and the conditions that limit that potential. Our reference to investors encompasses a wide range of potential capital owners and allocators, ranging from investors almost entirely motivated by competitive returns to those almost entirely motivated by impact, which can serve a catalytic function.



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1. RLens potential: There are RLens Investment opportunities to be capitalized on in Jordan. Our research clearly offers evidence to support this and provides both strategic and practical insights, observations and recommendations to realize greater potential for increasing refugee lens investment. The supporting evidence for this includes:

- **Jordan's commitment and willingness to host refugees over the last 80 years.** The country has a rich history of welcoming refugees and integrating them into Jordanian society, clearly evidenced by the hosting of over two million Palestinians. Over the last 10 years, there have been more limits placed on integration, but it is important to view Jordan's hospitality over a longer period in order to truly understand the potential for the RLens in Jordan. Applying a lens of integration wider than the Syrian crisis is important to see the full opportunity.
- **The number of refugees in the country and as a percentage of overall population.** Application of the RLens requires scale. This is both in terms of investment opportunities and impact on the economy in terms of inclusivity. Accepting the political sensitivity of including the two million

²⁸⁵ Sonen Capital Impact Investing Spectrum

Palestinians in Jordan (many of whom have been Jordanian citizens with full rights for 80 years in this calculation) between a quarter to a third of the population of Jordan is made up of refugees. That is a huge opportunity.

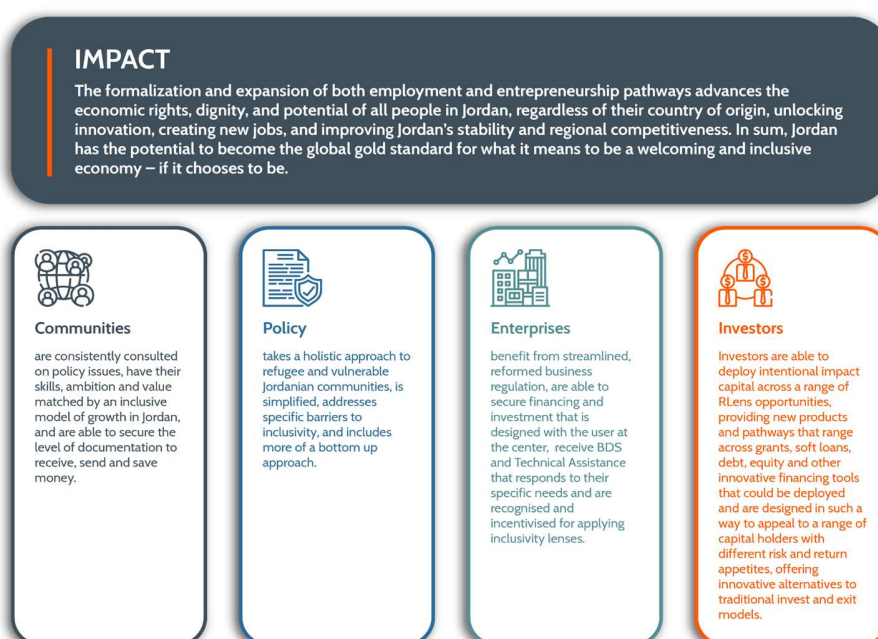
- **The pipeline.** We have uncovered at least 40 RLens investment opportunities at enterprise level and have built detailed case studies for 10. Each contributes to the conclusion that financing needs are at the USD 100,000 - 1,000,000 bracket, with a mixture of grants, soft loans, debt and equity investment required. This “missing middle” has the potential to be addressed by funds being developed such as Grofin, SEAF/17 Ventures, Alfanar, iGravity and a number of others, all of which are profiled in the report. DFIs can play a critical role in this opportunity if they can respond more rapidly to blended finance products and catalyze momentum.
- **The stated intention of the Government, investors, donors and community to grow this practice.** Political will needs to be increased, incentivized and converted into action, but the change in narrative, even over the short duration of the survey, is encouraging. Coupled with the recent research conducted by UNHCR on Jordanian perceptions towards refugees, suggests that there is increasing space to move from a purely humanitarian focus to an increasing development one. This presents an opportunity for the application of the RLens.
- **The growth of business and existing, unintentional application of the RLens in spite of challenges.** In many ways, this is expected. As a new practice, RLens investment and the application of the lens in a country like Jordan is likely to uncover more opportunity than expected simply because the lens is being applied for the first time. However, given the policy environment, it is significant that so much opportunity has been uncovered in spite of the regulatory environment and restrictions. The intentional practice of refugee lens investing and similarly, inclusive economic development, is still relatively new as a field. While some markets demonstrate the beginnings of inclusive economic development or refugee lens investing, the development of RLens use cases is critical to expanding the field and overall market opportunities. In a market like Jordan, this has enormous potential.
- **There are practical workarounds for prohibitive policy.** This survey demonstrates, as above, that businesses can be founded, scaled and grown and refugees can secure employment within, outside and around the fringes of policy. Policy exists in theory and activity and growth exists in practice. There is much to be positive about in that context.

2. That potential is limited by a range of factors specific to the Jordan context, which include:

- **Mismatches between available skills and ambition of communities with regulation and openness of market.** This is well documented in our research. We have encountered numerous examples of motivated entrepreneurs and those wanting to secure work finding themselves in a cycle of receiving support that leads them to an end result of barriers and incompatibility among support, regulation and opportunity. This has to be addressed by donors, the government and the private sector.
- **Ambiguity, variance and lack of clarity across application of regulation.** The result of multiple regulations for different community groups, a history of hosting refugees and a reform cycle that is inconsistent has left users and those applying the policy lost and unclear as to what should happen and what is not. As highlighted, this is leading to miscommunication, misapplication and misunderstanding at all levels. This must be streamlined.
- **Lack of consultation with communities when developing and building financial and investment products, donor support and government policy.** There have been a number of high level initiatives to better integrate refugees into the economy. At the admission of some of those who designed the Jordan Compact, as an example, there was simply not enough consultation at community level to understand how policy can be realized as impact. This needs to be addressed.

- **Lack of shared framework, language and lens around inclusivity.** As highlighted, the donor community is fractured when it comes to economic inclusivity and associated programming. While there have been efforts to support the Government and private sector to build a shared understanding of goals and approaches, this needs to be more effectively aligned to avoid confusion and misalignment, all at the expense of communities.
- **Wrong balance of patience, speed, commitment and adaptation to the Jordanian context when it comes to new investment and finance mechanisms and products.** Jordan has been the recipient of significant ambition in terms of financing and investment in Jordan. There have been a number of efforts to establish funds that incorporate Jordan or are specific to Jordan. Given the wider economic context of Jordan and commercial performance of traditional investment mechanisms, the importance of designing products that respond to the Jordan context and need is vital and often missing. There is a greater need for DFIs, in particular, to apply greater pace and flexibility when providing catalytic capital. In addition, the ecosystem in Jordan must do a better job at conveying the Jordan story to impact investors interested in a refugee lens, an SDG lens, and even a gender lens given that female refugees are disproportionately impacted by their circumstance.
- **Political constraints.** As with nearly every refugee hosting context, there is of course concern on the part of the government about sending signals that refugees are ‘here to stay’ and the belief that jobs and economic inclusion increases the perception of permanence. While this was not something we specifically addressed in our research, experience of other contexts and anecdotal evidence suggests that this should be considered.
- **Risks of regularization.** Building on the previous point, it is important to note that the issue of delivering the required level of regularization for economic inclusion within the perception risks around permanence and citizenship are not unique to Jordan. It is a “wicked” problem that requires greater investment, consultation and resources.

From this context, and based on the analysis and findings from the survey, the RLens investment thesis for Jordan can be framed as:



This thesis and frame can be expanded and deepened through a summary of what is required at the level of Community, Policy, Enterprises and Funds, ensuring our subsequent recommendations are framed by the evidence of this survey.

<ul style="list-style-type: none"> - There is a more holistic approach that incorporates different refugee groups (beyond Syrians and Palestinians) and vulnerable Jordanians, deepening an understanding and awareness of specific blockages and challenges; and - Increased awareness of the incredible success stories within refugee businesses in Jordan and continued advocacy and targeted support, highlighting collaboration and shared benefit for refugee communities and Jordanians; and - RLens businesses are supported with BDS and Technical Assistance that responds to their needs (match of skills, practical, “ready to implement” support) through a bottom up approach. 	Communities
<ul style="list-style-type: none"> - Regulation around refugee investment and labor can be streamlined and simplified; and - Regulation around work and work permits can be updated to reflect the needs and application within refugee communities, removing uncertainty and misuse; and - RLens considerations can be approached in the context of building an inclusive Jordanian economy and reflected in the updated Investment law currently being drafted and the business registration process being updated by the MoITS; and - More incentives are provided to MFIs to increase lending to refugees (tax and prudential rations, increase the maximum loan size that is set now at 75k) and alternative finance mechanisms (the enactment of the relevant laws by laws mainly the crowdfunding); and - The creation of HBB incubation programs and clustering pilots, in addition to streamlining the registration process of HBBs. 	Policy
<ul style="list-style-type: none"> - The practice of applying inclusivity use cases across investment enterprises can be continued and enterprises with use cases for the RLens can be provided with tailored, responsive practical assistance and support - Funds explore and introduce new tools such as outcome-based finance that looks beyond commercial returns and use conditional finance as a tool to advance social, environment and governance impact outcomes that respond to the needs of the Jordanian entrepreneurship ecosystem - There is a more unified approach and evidence base across Donors, government, investors and the private sector when building programs and mechanisms that support inclusive economic growth. - Alternative finance solutions are explored and applied to refugee inclusion to provide the right product with the necessary flexibility and targeted capacity building is provided to increase the use of these products. - Digital identity cards and risk assessment tools can be applied to address the issues with lending and banking. 	Enterprises & Funds

Conclusions and Recommendations

Based on our frame and investment thesis, we can make a set of evidence-based recommendations that can increase take up of the RLens and impact through it. These include:

1. Deploying catalytic capital, through JICA, to RLens Investment funds investing in Jordan

Fund managers have started realizing that “traditional VC financing” is not as applicable to the Jordanian market as previously thought and supported. This has paved the way for newcomers to further explore and introduce new tools such as outcome-based finance that looks beyond the commercial returns and uses conditional finance as a tool to advance social, environment and governance impact outcomes. In

recent years, fund managers started introducing and exploring new funding models that respond to the needs of the Jordanian entrepreneurship ecosystem combined with inclusive growth. We have identified three, specific funds that might benefit from JICA funding. These are:



USD 20-25 million new fund

JICA could support Grofin with their fundraising activities

Grofin is one of the few financing institutions in Jordan who are targeting MSMEs, including RLens businesses, and who are providing a full package of support with a “hands-on” approach to enable their portfolio companies to sustain and grow. Grofin is currently in the process of raising a new fund with a size between USD 25-50 million. JICA could consider supporting Grofin with their fundraising activities by directly investing in the new fund and by introducing a technical assistance facility to provide direct technical support to Grofin’s existing and future investees including financial management and cash management support, market linkages and supply chain management, HR and legal support. JICA could also introduce a co-financing mechanism at preferential terms to reduce the cost of investments or to introduce a complementary tool that enables businesses to sustain and grow their operations.



USD 50 million impact fund

JICA could invest in Alfanar’s impact investment fund

Alfanar is considered one of the most active players in advocating for social enterprises in Jordan with a special focus on the inclusion and integration of refugees across their different programs. JICA could consider investing in Alfanar’s USD 50 million impact investment fund that aims to maximize positive and measurable social impact while addressing the critical funding gap for successful and promising social enterprises and businesses with impact. Additionally, JICA could provide funding for Alfanar’s technical facility to support them in extending the following business development activities to their portfolio companies:

- Training, management and mentoring to social enterprises.
- Impact training, modeling, management and reporting to organizations and social enterprises.

Additionally JICA could be involved in Alfanar’s programs that focus on social enterprises/impact and advocating for a formal ecosystem for this in Jordan. This could be done through the GSG National Advisory Board. Given the additional reach that Alfanar provides through a commitment to other regional markets in Lebanon and Egypt as well, Alfanar’s fund offers additional risk mitigation than funds singularly focused on the Jordanian market while leveraging RLI learnings across the region.



184 investment opportunities

JICA could support SEAF Jordan with their fundraising activities

In order to design an investment strategy that responds to the needs of the Jordanian entrepreneurship ecosystem, SEAF/17 Ventures profiled 184 investment opportunities and interviewed 100 businesses to identify their businesses, challenges and financial and technical capacity needs to scale and grow their businesses.

SEAF/17 Ventures is currently in the fundraising process of a blended finance fund and JICA could consider supporting SEAF Jordan with their fundraising activities by directly investing in the Fund. This will enable the fund manager to introduce technical support facilities and innovative financing tools that directly respond to the needs of MSMEs.

At a smaller scale, JICA could consider providing funding for the Shamal Start Innovation Fund, which will enable Shamal Start graduates (mainly early stage manufacturing businesses) to access innovative and affordable financing mechanisms, which our research suggests is a gap in the market.

2. Providing Technical Assistance to the wider community of Funds on the RLens

In addition to the three funds listed above, we have identified another four (iGravity, Amam Ventures, cewas, Shamal Start) that are either intentionally or unintentionally applying an RLens, included in the investment section on page 138. We recommend extending the TA to Grofin, Alfamar and SEAF / 17 Ventures, ultimately moving towards establishing the RLens standard set of indicators and support for Jordan.

3. Improve DFI and donor coordination to increase speed of decision making on deals and deployment of capital

JICA could consider playing an important role in unifying and simplifying DFI's and donors' due diligence process in order to be able to support fund managers with their fundraising efforts and to leverage more capital into the Jordanian economy that will support both donors and fund managers in achieving their objectives and economic growth. It is vital that DFIs move more quickly with their funding decisions and the deployment of capital to avoid losing momentum with funds that offer RLens opportunities. For example, we know of at least one fund that has had to wait for over two years for DFI due diligence to be completed, leading to difficulty in retention of staff, viability of pipeline and maintaining fundraising activities.

In practical terms, this could include a triage of DFI funding hold-ups across RLens applying funds and identifying the support needed to speed up decision making and deployment, aligning more closely to private sector timelines (six - 12 months).

4. Provide support to Jordan NAB to advocate for the RLens and build a more convincing, investor centric narrative for Jordan as an investment destination.

There is a great opportunity to support the Global Steering Group for Impact Investment and the establishment of a Jordan National Advisory Board, working with the founding members (UNDP, 17 Ventures and Expectation State). This should include crafting a "Why Jordan Narrative" that targets different audiences of investors (mission-first impact investors, financial-first impact investors and commercial investors) in order to build the supply of RLens investment to Jordan in support of the identified funds and opportunities. This is a critical element of the investment thesis and cannot afford to be overlooked. In terms of specific things the NAB might support:

- For purely commercial investors, generate empirical evidence of commercial success of previous RLens investments;
- Proactively engage impact investors;

- “Twinning” the Jordan NAB with the Japan NAB to provide support;
- Awareness raising on policy in practice for refugee communities and other vulnerable groups.

5. Support alternative finance opportunities and pathways, increasing the application of the RLens in existing mechanisms and tools

Access to affordable finance in Jordan is one of the main challenges faced by entrepreneurs and SMEs. Financing options are limited and are attached to stringent requirements including the availability of collateral and guarantees (for debt financing) or lead investors (for equity financing). As highlighted in the report, there are a number of initiatives currently being developed that will benefit from the application of the RLens in their design and application. These include:

- Launching the Regulatory FinTech Sandbox that allows for testing and introducing innovative financing options.
- Enacting the Financing Institution Regulations No. 107 of the Year 2021 that includes factoring services.
- Enacting the National Entrepreneurship Policy that includes a pillar to support in bridging the financing gap in Jordan.
- Drafting the Crowdfunding Regulation that is expected to be enacted in 2022.

These mechanisms will benefit from a review, using the perspective of the RLens and this is something that JICA could consider working with sponsoring organizations to discuss, using this report as the basis for the conversation. It is critical that these new tools are aware of specific RLens challenges and opportunities and respond to the specific needs of refugee and vulnerable Jordanian communities.

6. Support alternative finance opportunities and pathways, increasing the application of the RLens through new, innovative mechanisms and tools

In addition to building on existing initiatives, JICA could consider other innovative options and tools to improve alternative pathways for finance. These might include:

- Dialogue with global challenger banks to discuss banking options for refugees unwilling to risk banking due to papers not being in order.
- Explore mechanisms for tokenization and fractional asset ownership of RLens enterprises, building on global growth of retail investment.
- Work with the Amman stock exchange to identify a ‘pathway to (and benefit of) floatation’ for more mature RLens enterprises.



Spotlight on Tokenization

Tokenization, and the blockchain technology that underpins it, provides a way to divide previously indivisible assets into investable pieces. This allows the 'ticket size' of individual investments to reduce drastically. Not only are smaller assets (such as an RLens Jordanian company) therefore better able to access capital, but a different type of investor can be attracted: the retail investor.

The retail investor movement is growing rapidly. Tokenization would allow smartphone-wielding everyday citizens, both inside and outside Jordan (motivated by profit, impact, or both), to access and invest in assets that otherwise would have been out of their reach. At the same time, new and existing RLens businesses could better access the capital that they may need to grow.

There are significant regulatory obstacles to tokenization, but the market - currently \$20bil and growing - is now established in over a dozen mature economies, yet unfortunately not in the frontier markets, such as Jordan, where financing needs are often more acute.

7. Provide support to MFIs to develop RLens instruments and tools to better assess and respond to actual needs of refugee customers.

There is a significant opportunity in Jordan to demonstrate world leading application of RLens lending and financing instruments and tools, becoming a case study in best practice and user design. There are existing products and instruments which are not being capitalized on by refugee communities. To address this, JICA could consider supporting the development of tools that include:

- Kiva Protocol Digital Identity Card. This is an open-source, standards-based authentication platform that provides the infrastructure for capital to flow to the world's most vulnerable populations. Protocol enables individuals to store a version of their official identity documents and financial transactions in a digital wallet that they control, providing them with highly secure and portable digital records. Kiva had initial discussions with regards to the Digital Identity card with the Central Bank of Jordan and Jordan Payment and Clearing Company (JoPACC) a few years ago, however no concrete actions were taken to move this forward. JICA could consider leading the efforts and re-open discussions with the CBJ and introduce the Digital Identity Protocol that is expected to unlock additional capital to refugees from different financing institutions including banks and venture capital funds.
- Credit Risk Assessment Tool. JICA could consider collaborating with UNHCR, EBRD and MFW to expand the application of the risk scoring methodology that was specially designed for MFW to support their staff members in assessing the associated risks of refugee lending. With the appropriate risk measurement tools, MFIs will be able to offer financing to refugees who do not have proper documentation (passport) or collaterals.

In addition, Technical Assistance should be provided to MFIs in order to build the capacity of MFI staff members to use these tools.

8. Support the simplification of regulation and incorporation of the RLens in specific policy areas to increase opportunities for refugees and Jordanians to start, build and grow their businesses

The Government of Jordan is currently working on streamlining the business registration process. The MoITS has completed a review, which is currently being reviewed and consulted across the public and

private sector before enacting the streamlining during Q1 2022. Streamlining the business registration process is expected to simplify approvals and procedures, which is expected to remove ambiguity in the registration process that is being faced by refugees. To take advantage of this, JICA might consider the following activities:

- Collaborate with the Legislation and Opinion Bureau, Ministry of Investment, MOI, MOITS to provide a clear interpretation and eliminate ambiguity and uncertainty in the texts of the relevant laws and regulations that govern refugee related investments. Use this interpretation as the basis for a streamlining and reform of the regulations that apply to refugees to provide greater coherence and cohesion. This should include, wherever possible, avoiding numerous exceptions and stipulations that are applied based on nationality. This will require donor coordination and advocacy.
- Support the GoJ's efforts in streamlining the business registration process by digitizing and automating the procedures to reduce the level of bureaucratic discretion to reduce time and cost of doing business.
- Identify a "use case" journey and pilot, taking a refugee-owned business, and supporting the registration of the company with no minimum capital requirement. This will help different stakeholders from the public and private sector to identify all procedures required to register a refugee-owned business and to identify the barriers and obstacles faced during the process, increasing the number of R1 and R2 RLens category enterprises.
- Collection of "workarounds" to policy, shared across RLens pipeline. Over the course of the survey, we have uncovered a number of practical workarounds being used by RLens businesses. JICA should provide a small envelope of funding to package these up and disseminate them across the wider network of RLens businesses to support early stage growth. This could be incorporated in the NAB.
- Continued qualitative survey at least once a year with refugee communities in line with our methodology. In order to ensure that refugee and other vulnerable groups' voices are heard and incorporated into policy making, we advise that there is funding to continue the community based research to track progress and continue to highlight evidence based challenges and opportunities. If this is standardized, it will grow in stature and visibility.

9. Improve and better reflect the skills and ambitions of refugees to match the regulatory environment and prevent training programs that support skills in sectors that are closed to refugees.

As documented in the report, this is a common challenge experienced by refugees. There is a disconnect between (largely donor funded) skills development programs and available sectors for work and entrepreneurship. To address this, JICA might consider:

- Commissioning an updated skills matching exercise building on this survey, taking a holistic approach to the ecosystem and coordinating through the Livelihoods WG. In the first instance, JICA could share the findings of this survey with the Livelihoods Group (UNHCR) and determine any further assistance required. This might include a skills assessment study to identify the available skillsets within the different refugee communities, and provide recommendations on how to improve refugees' employability (open new sectors, introduce vocational training programs, offer flexible solutions to market integration requirements), particularly in light of Covid 19.
- Organize labor market integration awareness sessions, collaborating with the relevant stakeholders (UNHCR, MoL, MoF, ILO) to present the main long term benefits and opportunities

arising from being officially integrated into the labor market as opposed to the informal engagements highlighted by this survey.

10. Provide tailored, specific support to enterprises with existing and potential RLens use case application

- There is a strong level of support for Business Development Services and TA with a focus on practical business support rather than theoretical based donor programs. This is a clear ask at the enterprise level in order to support growth and investment. JICA could consider providing a tailored TA support program for RLens enterprises that the survey has identified as part of the pipeline on page 138.
- To maximize enterprise growth, JICA might explore sharing the survey pipeline with other relevant business growth donor funded programs, such as USAID's Business Growth Activity.
- In addition, the Ministry of Investment is currently working on drafting a policy paper that would potentially create a viable value chain ecosystem in Jordan that would enable Jordanian companies to utilize Free Trade Agreements, and would make Jordan as an international investment destination for international companies to benefit from the terms of the trade agreements. JICA might engage with the Ministry to incorporate RLens enterprises and considerations into this work.



14. Jordan: Conclusions & Way Forward

This report has provided a clear set of recommendations to act on the mapping, findings and analysis conducted as part of the survey, with the ultimate objective of increasing the realization of RLen's Investment potential in Jordan.

It is important to state that the root causes of displacement have to be addressed alongside targeted interventions and recommendations like ours, addressing issues of conflict and climate change, amongst others. This report cannot be read or interpreted in isolation from that context. However, it is equally important to state that the intentional practice of refugee lens investing and similarly, inclusive economic development, is still relatively new as a field and needs the necessary attention, resources and action to realize enormous potential for a market like Jordan.

This report should act as a key milestone, resource and call to action for those working to build a more inclusive market in Jordan. As the first, intentional mover in this space, JICA has an opportunity to:

- **Disseminate findings and recommendations** to key, identified audiences in Jordan, the region and beyond;
- Convene selected members of the ecosystem across communities, policy makers, donors, investors, enterprises, banks and lenders to **build an action oriented roadmap**, identifying which organizations are best placed to take recommendations forward that are presented in this report and establish some level of monitoring and secretariat support;
- Identify **specific recommendations that JICA can act on** within existing programs and structures and initiate discussions with relevant stakeholders as soon as possible to do so;
- Through the application of the survey and methodology, **look to neighboring markets and the wider region for opportunities to scale the potential of the RLen's**.

The RIN and our partners would be delighted to take these opportunities forward with JICA and build on the work of this survey together.

Over the course of our research, we have asked various different agencies for a map that provides detail on the fixed location of camps across Jordan. This has proved difficult, reflecting the fragmented nature of data and reporting across different nationality groups. We have therefore provided two maps:

Map 1

15. Final Conclusion

Never has the need for long-term, durable solutions to forced displacement been greater than today. Since work on the JICA/RIN “Data Collection Survey on Refugee Lens Investing in Jordan and Uganda” kicked-off 10-months ago, millions of people around the world have become refugees, making RIN’s contention then, that, “Forced displacement is the defining social crisis of our era,” all the more salient. Drought in Guatemala, poverty and religious extremism in West Africa and violent conflict in Ukraine are unfortunately only a few of the causes of forced mass migration over the past year. Indeed, both the data yielded and the accompanying recommendations made in the Survey could not be more timely. How JICA and other global partners choose to employ these findings has the potential to positively impact the lives of millions of the world’s most vulnerable while helping to shape a new chapter in humanitarian and development assistance.

“Bringing the private sector to bear” through sustainable international development strategies has long been the unreached goal of the global community. Corporate social responsibility (CSR) has shown modest results but repeatedly proven unsustainable. Meanwhile, past donor/private sector engagements in large infrastructure or extractive minerals projects have often produced checkered results. However, impact investing, while nascent, presents another opportunity for the development community to work with the private sector to create durable solutions to some of the world’s grand challenges.

As the survey shows, RLI represents a new and exciting strategy to bring international development partners, refugee-led-organizations and the private sector – often strange bedfellows – together into a mutually affirming and sustainable ecosystem designed to yield both social and economic impact. The Survey further represents exhaustive research and analysis by some of the leaders in the fields of international development, refugee studies, and impact investing in Jordan and Uganda. The RLI strategy applied to this work is a first-of-a-kind approach that yields a plethora of unique data, policy analysis and recommendations ground truthed by primary interviews with displaced and local communities in each country. Perhaps most importantly, the Survey presents a platform on which a new and well-founded model(s) for refugee self-reliance could be launched.

The twin studies on Jordan and Uganda also present a series of possible next steps for JICA and other development partners including a panoply of potential partnerships, investment opportunities, BDS activities, business models, key RLI sectors and geographical focal points that would have both positive impact on refugees and their hosts, and attract investment capital and business. In fact, interested capital partners understand “why” they should engage in RLI, but have been waiting to see “how” to do it. The Survey thus presents not only how investors and businesses can constructively engage in RLI but also suggests with whom, where, through what financial structures, and provides a starting point in how to mitigate risk and assess impact. The Survey thus offers numerous points-of-entry, for JICA and other key stakeholders, to work together to build programs that further RLI.

However, the ecosystem necessary to sustain RLI will not emerge on its own. Likeminded and complementary actors will need to come together to socialize this inclusive financial program, leveraging their strengths, sharing risks, measuring impact and establishing pilots. The combined survey of RLI in Jordan and Uganda enables this opportunity to act and lays a foundation for next steps. JICA has taken a bold and leading role in this effort, developing the essential tools and road maps of the RLI landscape in

two of the world's most affected refugee-hosting countries; it is now well positioned to be a leader in the establishment of this vital initiative.

16. Annex

Annex 1:

Criteria weighting & rationale

Assigned weights were based on each criterion's importance to RIN's objectives and on the market insights from initial research

Proposed criteria	Weighting	Rationale for weighting
Involvement in gainful employment	40%	Given existing market barriers to refugee investing, it is critical that business models present a strong evidence base for productively engaging refugees, regardless of age, sex, or displacement status. Additionally, this factor has direct applicability to R1 and R2 of the RIN lens
Presence of supporting activities	25%	Considerations under refugee-lens investing look beyond the refugee entrepreneur or worker. Thus, it is of high importance that business models exist within a supporting ecosystem that allows for access to capital, services, and infrastructure and enables individuals to learn and transfer new skills. The criterion is also of direct relevance to R3, R4, R5, and R6 of the RIN lens
Economic potential	25%	Economic attractiveness of business models is of equally high importance . Opportunities should be accessible for investment and financially sustainable amid market shocks. There also needs to be room for smart coordination and joint learning between support actors to ensure complementarity
Enabling and protective environment	10%	Creating opportunities for safe and decent work and enabling meaningful access due to an absence of overly restrictive policy and market entry barriers is a strengthening factor that allows refugees to ultimately integrate as well as influence the design and implementation of durable solutions. Protection is also an all-encompassing consideration of the RIN lens

The weighting percentages indicated here were selected to identify models in line with the report's goals however, weightings can be adjusted to align with development partner programmatic objectives

For each business model we identified high potential use cases that present significant impact opportunity

We prioritized two business models that present a portfolio of impactful, integrated, and market-oriented interventions to support the development of livelihood opportunities for refugees and host community members

1. Giving refugee and host community businesses access to larger markets and brands
2. Adding value to products and by-products created by refugees and host communities

Within these business models, focus is on business use cases that aim to:

- Create impactful and economically viable and sustainable livelihood opportunities to serve existing, ideally large and ideally underserved market demand
- Support businesses as trading partners to integrate into refugee camps & settlements and manage to achieve a certain scale
- Support refugees in forming structures or groups to pool resources, to create new and safer livelihood opportunities through:
 - Access to new market linkages,
 - Economies of scale and other cost synergies,
 - Improved bargaining power, and
 - Shared capabilities and resources,while building social cohesion with other refugees and host community members in the different establishments

These models are enabled by several factors, that are uniquely differentiated in implementation of each use case

- **Improved integration and coordination:** Strategically coordinate and integrate interventions through market systems involving multiple stakeholder to attain have multiplicative impact on both the number of beneficiaries, and income uplift
- **Economic empowerment of refugee-led/-oriented MSMEs:** Leverage the resources and capabilities of these initiatives to support refugees to attain self sustainability of households
- **Access to financial services and technology development:** Utilize technology in processes and systems to improve efficiencies and increasing access to financial services for refugees and availability of finance for implementing businesses
- **Employability & capacity building:** Create opportunities for employment of refugees or self employment of refugees while increasing capacity in terms of building relevant skills; personal development, business skills, farming methods

Case study: Mandulis' SEPARLE project produces clean renewable energy from agricultural waste sourced from refugee farmers



Key partners:

FAO, UNHCR, USAID, UK AID, Innovation Norway

>60,000

Network of farmers

-70%

Refugee farmers being impacted

8MW

Generated from gasification

20MW

Grid-tied biomass power project

Background

- Mandulis Energy develops off-grid and grid-connected renewable energy infrastructure to deliver affordable, reliable, and sustainable, low carbon energy capable of driving economic development, in urban and rural communities

Operation

- Model:** Mandulis partners with refugees using a zero-waste model, providing refugees with access to innovative milling facilities and using the derived agricultural processing waste to produce non-carbonized briquettes and renewable electricity, that the refugee households can use as clean cooking fuel
- Partners:** FAO & UNHCR assist in aggregation of feedstock given the connections they have in the settlements, USAID, UK AID provide financing
- Target population:** Refugees in northern Uganda in Kiryandongo and Lamwo

Investment fit

- RINS lens:** R1, R3, R4
- Traction:** Signed a 20-year contract to supply Nwoya district to connect 20 rural off-grid mini-grids. Working with Solidaridad, Accenture and Mastercard to expand to Zambia, Mozambique, Malawi and South Africa
- Potential for growth:** Viable model however dependent on collection of high volumes of agricultural waste which is a risk Mandulis faces
- Ticket size:** USD 500k – 5M

Case study: GADC provides training to smallholder farmers, from whom it purchases produce, processes, and sells to other markets



Business model



Key partners:

AgDevCo, Danida, Mercy Corps, UNDP, GIZ

60K

Smallholder cotton farmer

100%

Amount exported

12

Ag. Dev projects successfully implemented

7

International certifications

Background

- GADC focuses on developing agricultural value chains in Northern Uganda, where some people have remained in camps for decades
- GADC revived one ginnery in Gulu, opened two ginneries in Kitgum and Rhino Camp. It is currently involved in the following value chains: cotton, and oil milling, sesame, maize and timber

Operation

- **Model:** Provides agricultural services intended to support cotton farming. The company procures and sells cotton lint to international buyers, empowers local smallholder farmers by providing support, training and agricultural inputs, to promote efficiency in their production and export to far east Asia
- **Partners:** AgDevCo provide working capital facilities for seasonal activities
- **Target population:** Post war region of Northern Uganda; camps & settlements

Investment fit

- **RINS lens:** R3, R4
- **Traction:** Grown from a database of 12K farmers in Lamwo in 15/16 season to 60K farmers now, developing a capacity to export 10K metric tons
- **Potential for growth:** With access to more farmers who have land, there is potential to increase volumes of produce being processed and further sold
- **Ticket sizes:** USD \$5M-\$10M

28 Source: 1. Gulu Agricultural Development Company, [Link](#) 2. Investment exit: Gulu Agricultural Development Company, Acumen, May, 2017 [Link](#)

Case study: Sanivation conducted a pilot in Kakuma to create low-cost briquettes from fecal matter collected from disbursed toilets



Sanivation

Business model



Key partners:
UNHCR, NRC

500

Number of
deployed toilets

-100

No. of tons of fuel
sold

30

Number of
refugees employed

208

Cost of producing
briquettes per
toilet/year, USD

Source: 1) Waste-to-Value Sanitation in Kakuma Refugee Camp, UNHCR, 2020, [Link](#)

Background

- Sanivation is a social enterprise based in Kenya that processes and treats human fecal matter to create affordable and safe energy sources
- Sanivation deployed toilets to facilitate container-based sanitation and cost-effective waste treatment. Through this pilot, Sanivation installed container-based toilets and employed refugees to regularly empty these toilets

Operation

- **Model:** Sanivation installed toilet facilities for free to subscribers who paid a small monthly fee. This waste was collected by Sanivation and treated with solar thermal energy to create low-cost briquettes for cooking and heating homes
- The briquettes replace traditional charcoal, burn longer than standard coal and release less particulates and were sold to refugees
- **Partners:** UNHCR and NRC provided funding for container-based toilets
- **Target population:** Kakuma camp hosting -160,000 refugees

Lessons learnt¹

- Low profitability as briquette sales did not cover the operational cost; refugees could not afford them if not subsidized as it is more costly than other fuels
- Good uptake in the number of refugees switching to using briquettes which shows there is a viable opportunity provided the marketing is done well
- Sales to a large off-taker such a development partner can reduce sales and distribution costs that an implementor would face and boost the sales

Annex 5:

Landscape mapping

Access to larger markets

Case study: MOTIV's Omwoleso physical and online platform connects artisans to new markets through aggregated supply



Business model



Key partners:

Opportunity Bank, Equity Bank, DHL

2

Programs
targeting at risk
communities

200+

Vendors on the
omwoleso.africa
platform

10,000

Target number of
refugees to be
impacted

300+

Omwoleso
physical vendors

Background

- MOTIV provides tools, training, a marketplace, alongside value chain support & bringing together creatives in at-risk communities including refugees
- Omwoleso is both a physical and online platform by MOTIV that showcases locally-made products and innovations from a community of >200 vendors`

Model in operation and traction to date

- **Model:** Vendors sign up and pay an onboarding fee, which includes initial product photography and upload products onto platform. Vendors are creatives including refugees. On the platform, sellers can promote their products and make sales. A monthly fee is charged to sellers and is taken out of sales
- **Partners:** DHL facilitates movement of goods out of camps to other markets at lower rates, Opportunity and Equity Banks provide finance to refugee vendors
- **Location:** Kampala, Jinja, Gulu, Mbarara

Investment fit

- **RINS lens:** R1, R3, R4
- **Traction:** Has branches in 4 major towns with intention to expand to Nakivale and Bidi Bidi settlements where they have previously run successful programs
- **Potential for growth:** Strong opportunity especially for businesses that have export potential as the export market for locally-made products is fast-growing
- **Ticket sizes:** USD 500k – 1M to expand model into camps & settlements



Annex 6:

Case study: KadAfrica provides young refugee women with access to inputs & training, and then purchases produce, for sale



Business model

Training
refugees

Sourcing
produce

Selling to
markets

Key partners:

Food and Agriculture Organization, Office of Prime Minister (OPM), IKEA

4

Number of
targeted
settlements

100%

Amount of produce
bought from
refugees

-216

No. of refugee girls
and young women

2,355

No. of girls and young
women from rural
communities

Background

- KadAfrica Experience agricultural program facilitates out-of-school girls and young women (14-24) from refugee communities to grow passion fruits
- Guaranteed off-taker that purchases 100% of fruits from its out-growers at a set market price; and is engaging 216 refugee girls and young women in 2 out of 4 its targeted refugee settlements and is set to operate until 2022

Operation

- **Model:** KadAfrica provides 60 seedlings, access to leased land and enrolls the girls into cooperatives and equips them with various business skills to begin their own passion fruit farms. It purchases 100% of fruits, some of which is sold
- **Partners:** KadAfrica partnered with FAO to provide seedlings for 2,000 farmers & agreed with OPM to operate in these settlements with IKEA funding program
- **Location:** Present in 4 settlements in Uganda targeting refugees

Investment fit

- **RINS lens:** R3, R4
- **Commercial viability:** Has a facility near the settlements which eases access to support services and reduces transport costs thus increasing profit by far
- **Potential for growth:** Model is being implemented in 4 settlements; and FAO has intention to replicate model in other areas as well as it is profitable
- **Ticket size:** USD 500k to increase production capacity of refugee farmers

Annex 7:

Landscape mapping

Access to larger markets

Case study: Made51 partners with social enterprises to employ refugee artisans to make targeted products for sale



Background

- Made51 is an innovative, market-based model that promotes economic inclusion of refugees in global value chains
- It was launched in 2016 in Afghanistan, Burkina Faso, Egypt, Lebanon, Jordan, Kenya, Malaysia, Pakistan, Rwanda, Tanzania, Thailand. MADE51 products includes bags, masks, home decor, accessories jewelry, dolls, & summer charms

Operation

- **Operation:** UNHCR identifies refugees with artisanal skills, trains them, and connects them to local social enterprises, who then employ the refugees and sell their crafts under the Made51 brand through retailers. The Made51 teamwork with social enterprises to find products that showcase refugee skills and that can sell commercially on the market. It also engages host communities
- **Target population:** Refugee artisans such as refugees in Kakuma camp in Kenya

Key learnings

- Made51 is largely dependent on partnerships; social enterprise partners such as RefuShe who can use their business expertise to ensure refugee-made products are in line with the buyer's order and meet quality control standards
- Made51 partners with development partners like World Fair Trade Organization to facilitate payment in line with the local living wage (via fixed or per piece) of each country enabling them to earn a decent living

Annex 8:

Refugee-supporting Initiatives and Analysis

	Smart Communities Coalition (SCC) & Smart Communities Coalition Innovation Fund (SCCIF)	Refugee Investment Fund (RIF)	Refugees in East Africa: Boosting Urban Innovations for Livelihoods Development (RE-BUILD) Project	Displaced Communities Fund (DCF)	Financial Inclusion for Refugees (FI4R)	Financial Inclusion of Forcibly Displaced Persons and Host Communities Program	Prospects Partnership
Market Actors/ Potential Partners continued	Mastercard Foundation, Endeavor, USAID / Power Africa [RIN partner, OCA, supports SCC]	iGravity, Danish Refugee Council [RIN in regular consultation with partners]	IKEA Foundation, International Rescue Committee (IRC) [RIN on Tech. Advisory Council]	Developing World Markets, Innovest Advisory [Fund Manager on RIN Steering Committee]	Financial Sector Deepening Uganda (FSDU), FSD Africa, BFA Global, Equity Bank, Vision Fund Uganda and Rural Finance Initiative	UNCDF, UNHCR, Grameen Credit Agricole Foundation, Swedish Development Agency	Government of the Netherlands, ILO, IFC, UNHCR, UNICEF, World Bank
Regions / countries covered	Uganda & Kenya	Uganda & Jordan	Uganda & Kenya	Africa (including Uganda and Kenya) and Middle East (including Jordan)	Uganda	Cameroon, Chad, DRC, Ethiopia, Kenya, Rwanda, Tanzania, Uganda and Zambia	Middle East, North Africa and East Africa / Horn of Africa including Uganda
Target Beneficiaries							
Refugees / IDPs	✓	✓	✓	✓	✓	✓	✓
Host Communities	✓	✓	✓	✓	✓	✓	✓
Target Refugee / IDP Location	Camps	Camps & Urban areas	Urban areas	Camps & Urban areas	Camps & Urban areas	Camps	Camps
Types of interventions							
Business grants	✓	✓	✓	✓			
Loans or equity investments		✓	✓	✓	✓	✓	✓
Technical assistance		✓	✓	✓		✓	✓

Refugee-supporting Initiatives and Analysis

	Smart Communities Coalition (SCC) & Smart Communities Coalition Innovation Fund (SCCIF)	Refugee Investment Fund (RIF)	Refugees in East Africa: Boosting Urban Innovations for Livelihoods Development (RE:BUILD) Project	Displaced Communities Fund (DCF)	Financial Inclusion for Refugees (FI4R)	Financial Inclusion of Forcibly Displaced Persons and Host Communities Program	Prospects Partnership
Market Actors/ Potential Partners continued	Mastercard Foundation, Endev, USAID / Power Africa [RIN partner, OCA, supports SCC]	iGravity, Danish Refugee Council [RIN in regular consultation with partners]	IKEA Foundation, International Rescue Committee (IRC) [RIN on Tech. Advisory Council]	Developing World Markets, Innovest Advisory [Fund Manager on RIN Steering Committee]	Financial Sector Deepening Uganda (FSDU), FSD Africa, BFA Global, Equity Bank, Vision Fund Uganda and Rural Finance Initiative	UNCDF, UNHCR, Grameen Credit Agricole Foundation, Swedish Development Agency	Government of the Netherlands, ILO, IFC, UNHCR, UNICEF, World Bank
Specific camps / districts covered in Uganda	Bidi Bidi in West Nile, Adjumani and Lamwo in the North; Kiryadongo in the West; Rwamanja and Nakivale in Southwest	Various settlements in Uganda including Kampala	Kampala only	Settlements including urban refugees. Specific areas are unknown	Bidi Bidi settlement (West Nile), Palorinya settlement (North), Nakivale settlement (Southwest), Kampala (Central)	Refugee settlements in the North & West Nile including Bidi Bidi;	Nakivale settlement (Isingiro district in the Southwest) and Rhino Camp settlement (Arua district in the North)
Impact Metrics / Pillars / Categories	Access to Energy; Increased Connectivity (mobile phone and internet access); Adoption of Digital tools	Financial Inclusion; Increased Employment; Access to Goods and Services; Skills development	Sustainable self-reliance and wellbeing; Gender equity and inclusion; local ownership; stronger market systems; urban resilience; climate risk mitigation etc.	Reduced inequalities (SDG 10); Decent work and economic growth (SDG 8); Gender Equity (SDG 5)	Digital Financial Services, Livelihoods and Microenterprise, Refugee Finance	Digital financial services and connectivity; Digital literacy; Business training; Market development	Education and learning; Jobs and social protection; Protection and legal status
Outcomes	Not publicly available	Fund is at the fundraising stage	Program is at the start of the pilot phase	Fund is at the fundraising stage	Preliminary observations from the field linked here	Mid-term evaluation is underway	Program is at the start of the pilot phase

Partnerships to increase access to inputs and sourced produce can increase engagement with refugees improving their livelihoods



Limited supply of raw materials limits the volume of value-added products that companies can produce

- Most refugees engage in small scale businesses or production activities, so they are not seen as attractive partners for larger businesses as they do not produce enough volumes of produce
- Consequently, private sector companies working with refugees and host communities struggle to achieve economies of scale

Opportunities for intervention

Companies can work with financial institutions, development partners and other stakeholders to provide agronomy services and inputs to help increase farmer yields

- Engage with private sector players to provide inputs such as seeds and machinery to targeted refugees to facilitate increased quantity and quality of output thus, creating more opportunities for partnership with other companies
- Provide training for best practices in the different sectors for example, in agricultural production, training on best farming practices aimed at reducing losses and increasing volumes

Companies can diversify their supply sources by sourcing from nearby host communities and using collection centers that help aggregate produce to meet supplier demand thus increasing engagement with private sector players

- Integration of refugee and host community members under a single business platform aimed at driving vertical integration, coordination, and creating economies of scale and scope; targeted sourcing from farmers in this region. For example, a brewing company in Uganda sources sorghum from Kyangwali Progressive Farmers, a business platform, for further processing into beer
- Utilize agent networks that can communicate with farmers and thereby time collection activities to ensure large aggregation of volumes

Increasing private sector and refugee access to cheap finance can increase production capacities in refugee establishments



Limited access to affordable and flexible financing facilities for both companies and refugees

- Companies struggle to obtain financing necessary to scale, that is to expand reach within existing and move into new refugee settlements
- Refugees' limited access to financial services and other income earning opportunities limits their ability to purchase the necessary tools and inputs and pay for skills training



Opportunities for intervention

Development partners and financing institutions can facilitate access to cheaper sources of finance and/or patient capital such as concessionary debt to support expansion of private sector players' activities in refugee establishments

- RIN in collaboration with development partners and other stakeholders can directly or indirectly through TA, support financing institutions create financing facilities that provide liquidity or de-risk investments targeting:
 - Companies that work alongside refugees and host communities, for example, agricultural companies sourcing from refugees and host communities can access a revolving fund to expand operations and increase volumes sourced
 - Refugees, host communities, and refugee owned companies that are seeking access to lending facilities can access a trade-finance focused facility that can help meet working capital requirements to further support their livelihoods

Development partners can work with financial institutions and mobile money providers to leverage their databases to offer financial support to refugees

- An example of financial support that can be provided includes development partners facilitating capital transfers in the form of vouchers for the purchase of inputs allowing refugees to purchase the resources necessary for production and subsequent sale to off-takers
- Over time, the continued use of bank accounts to deposit and remove money can potentially create credit histories for refugees that can be leveraged by financial institutions to offer direct financing to refugees

Source: OCA analysis

