



# Responding to Barriers Through Refugee Lens Investing

Jordan Study



REFUGEE  
**INVESTMENT**  
NETWORK

December 2022

# Introduction

Forced displacement is the defining social crisis of our era. In 2022, the number of forcibly-displaced people worldwide surpassed 100 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. If current trends continue, the total number of forcibly-displaced people will increase to over 300 million by 2030. Some forecasts cite 250 million to one billion people could be displaced by climate factors alone by 2050.

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 17-26 years. Accompanying the increasing prevalence of forced displacement is a growing interest among governments and international organizations alike in the role that the private sector could play as an alternative source of funding and delivery of refugee assistance: But how?

“Refugee Lens Investing” (RLI), [as defined by the Refugee Investment Network \(RIN\)](#), presents the best framework and entry point for investment. The straight-forward Refugee Investment Lens taxonomy (R1 – R6), or “Lens” is as 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 approaches capital across a returns continuum (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:** to help reduce the risk of displacement by addressing some of the root causes of violence, e.g., poverty, unemployment and lack of economic growth.
2. **Response:** to help improve the delivery of goods and services during humanitarian response and development capacity and innovation during emergencies and crisis
3. **Recovery:** investments that support economic inclusion, social integration and growth, relevant in the context of protracted displacement and recovery from crises.

Taken together, the Refugee Investment Lens provides a helpful and high-impact tool for impact-oriented investors that aims to mobilize capital into refugee-supporting investments while helping businesses mitigate risk and increase investment impact.

## RLI Landscape 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. Officially, Jordan hosts 658,000 Syrian refugees, but unofficially, it is estimated to exceed 1.3 million.

Although Jordan has three formalized refugee camps for Syrians, 81% 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 has 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.

### About the Research

This whitepaper draws analysis and findings from a recently published report by RIN and the Japan International Cooperation Agency (JICA) which investigates the enabling environment for RLI in Jordan and Uganda. Local teams and partners 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 the completion of the report, [Data Collection Survey on Refugee-Related Business and Social Investment](#).

In Jordan, 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. 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.”

This paper discusses the policy and enabling environment for RLI in Jordan and provides a clear set of recommendations to act on the findings. The ultimate objective of this research output is to increase the realization of RLI potential in the region. Our research is centered around three pillars of the ecosystem in Jordan: **Communities; Policy; Enterprises and Investors.**

**Communities:** It is important to stress that no two experiences are the same. 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. 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.

**Policy:** 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 this requires commitment, time and resources. Policy must be seen in the context of politics. Given the scale of US Government funding across the development and humanitarian sectors in Jordan, the resulting level of influence on the Jordanian Government should be considered.

**Enterprises and Investors:** We have uncovered a significant number of RLI opportunities at enterprise and fund level, providing a series of opportunities to advance existing products and create 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 RLI in Jordan.

## RLI Opportunities & Barriers

**There are RLI opportunities to be capitalized on in Jordan.** 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 RLI in the country. 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 Lens requires scale, both in terms of investment opportunities and inclusive impact on the economy. Accepting the political sensitivity of including the two million Palestinians living in Jordan (many of whom have been Jordanian citizens with full rights for 80 years), between a quarter to a third of the population of Jordan is made up of refugees. That presents a significant opportunity.

**The pipeline.** We have identified 40 initial RLI opportunities at the enterprise level. 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 Alfamar, Grofin, 17 Ventures, iGravity and a number of others. Development finance institutions (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 this research – is encouraging. This shift, 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 increasingly development one. This presents an opportunity for the application of the Lens.

**The growth of business and existing, unintentional application of the Lens in spite of challenges.** In many ways, this is expected. RLI 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. While some markets demonstrate the beginnings of inclusive economic development or RLI, the development of 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 research demonstrates that businesses can be founded, scaled and grown and – simultaneously – 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.

## Policy and Enabling Environment / Entrepreneurship and Investment



### Donors & Implementers

USAID, EU, GIZ, FCDO, DRC, NRC, IRC,  
Save the Children, Mercy Corps, UNICEF, UNRWA,  
UNHCR, JICA, Government Affairs Canada

Humanitarian assistance • Development programming  
Influence • Economic Development assistance • Grants  
Technical Assistance & Capacity Building  
Private Sector and Government Support



### Chambers of Commerce, Business Associations

Amman Chamber of Commerce, int@j,  
Business and Professional Women Association,  
Jordan Exporters Association,  
American Chamber of Commerce in Amman, Municipalities,  
Aqaba Special Economic Zone (ASEZA), Irbid Development Area

Advocacy • Representation • Data  
Incentives • Influence • Network

### Communities\*



### Refugee & Host Communities

Syrians, Palestinians, Iraqis, Somalis,  
Yemenis, Sudanis, Vulnerable Jordanians

Business Owners • Entrepreneurs  
Employees • HBBs  
"Beneficiaries" • Informal workers  
Advocacy and ground truth

## Ecosystem of RLI in Jordan

### Entrepreneurship & Investment



### Banks & MFIs

Kiva, Refugee Development Impact Bond,  
Tamweelcom, Central Bank of Jordan,  
Arab Bank, Bank al Etihad

Loans • Financing tools • Impact Bonds  
Capital • Business Development Support  
Technical Assistance • Influence

### Policy & Enabling Environment



### Government

Policy & Regulation  
Public and Public / Private infrastructure  
Ministry of Interior  
(Security and approvals)  
Ministry of Labor  
(Work Permits)  
Ministry of Industry, Trade & Supply  
(Business Regulation)  
Ministry of Investment  
(Investment)  
Ministry of Digital Economy & Entrepreneurship  
(Entrepreneurs)



### Incubators, Funds & Enterprises

Grofin, Alfamar, 17 Ventures, Cewas,  
Shamal Start, Amam Ventures,  
iGravity, Zinc, Endeavour, Int@j, iPark,  
ISSF, Impact Hub, Orbit, SEP Jordan,  
Senara, Viavii, Sitti Social Enterprise

Business Development Support  
Technical Assistance • Investment  
Grants • Infrastructure and space  
Advocacy



### International Investors & DFIs

EBRD, IFC, EIB, JICA, DFC, IKEA Foundation,  
Novo Nordisk Foundation, Norad, SEAF,  
Open Society Foundation, KfW,  
Shell Foundation, Silicon Badia, SocialFare

Capital • Scale • Growth • Catalyst  
Impact Investment • Grants • Loans  
Influence • Advocacy

\*The importance of ground-truthing research and experience from displaced and local communities themselves cannot be overstated. This is an essential part of RLI.



Jordan's RLI potential is limited by a range of factors specific to the country's context, which include:

**Mismatches between available skills and ambition of communities with regulation and openness of market.**

We have encountered numerous examples of motivated entrepreneurs and those wanting to secure work finding themselves in a cycle 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 unclear as to what should happen. 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 focused on integrating 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.** 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.** Given the wider economic context of Jordan and commercial performance of traditional investment mechanisms, the importance of designing products that respond to the specific context and need is vital and often missing. There is a greater need for development finance institutions, 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, a Sustainable Development Goal (SDG) lens, and 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.

## Investment Pipeline: Enterprises, Funds, and MFIs

This section builds on our research to develop a case for RLI in Jordan by identifying a pipeline of enterprises that qualify or could qualify as refugee lens investments. We also identify investment funds that deploy capital to enterprises directly impacting refugees and host communities, enabling greater inclusivity and economic growth in Jordan.

### Enterprises





The following table (continued on next page) presents examples of RLI enterprise pipeline opportunities in Jordan. With the exception of Orbit, the average investment among identified RLI enterprises is around USD 400,000, which is considered to be the existing




financing gap in Jordan. In terms of financing instruments, business owners were open to discussing 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.

### RLI Enterprise Profile

[Orbit Aluminum Industries](#) produces premium quality painted aluminum coils used in a wide range of products for architectural, corporate ID & signage, transportation,

### RLI Enterprise Investment Opportunities in Jordan

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
<b>Al Mueen</b>	R3	500,000-1 million	NA
<b>Bothour</b>	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

Enterprise	Applicable RLens	Financing Needs (USD)	Technical Support
	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
 Orbit ALUMINUM INDUSTRIES أوربت لصناعات الألمنيوم	R3	100-120 million	NA
<b>S I T T I</b>	R2, R3	500,000-1 million	NA

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.

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. Following the crisis, Orbit moved its export-related production lines to Aqaba, Jordan as their investment destination for the following 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 whom 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 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 an **R3** company as it is providing employment opportunities for refugees. Orbit, through



its connections, was able to open bank accounts for their refugee employees despite reluctance from most banks in Jordan. 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. Without having the full amount, it will take

them more than 4 years to implement their plans. Orbit's example could also 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.

## Funds

The table below presents examples of identified RLI fund investment opportunities in Jordan.

## RLI Fund Investment Opportunities in Jordan

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

## RLI Fund Profile

[Alfanar](#) is a platform for strategic venture philanthropy that responds to the key drivers of poverty and vulnerability in the Arab world by helping 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 develop sustainable revenue streams in order to break the cycle of donor dependency. This is achieved by providing:

- Tailored funding that includes grants and zero-interest loans
- Management support, training and mentorship, powered by the Alfanar Sustainable Social Enterprise Training (ASSET) program
- 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 are access to quality education, vocational training, employment opportunities for youth, women's economic empowerment and access to affordable goods. While refugees were not the main focus of the program, a number of enterprises did qualify as a RLI enterprise within their core operations. Additionally, Alfanar is part of a national committee to advocate for the development of a formal social enterprise legal framework to strengthen the ecosystem in Jordan.

## Financing Needs / Fundraising Efforts

Alfanar is currently working on the launch of two funding priorities: Alfanar Venture Philanthropy Portfolio in Jordan and a Regional Impact Fund.

**Alfanar Venture Philanthropy Programme (VP):** Provides up to £250,000 £300,000 (USD 338,000 - 405,000) 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, Alfanar 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.

**Regional Impact Fund:** A USD 50 million impact investment vehicle that aims to maximize positive and measurable social impact while addressing the critical funding gap for successful and promising enterprises 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 of fall 2022, the fund has secured initial investment and is continuing to raise capital.

Alfanar has supported the growth of social enterprises that embed a focus on refugees. As such, targeting refugees will be one of the Fund's main priorities and the ability to work across Jordan, along with a number of regional countries, will enable Alfanar to work in refugee camps and areas such as Irbid, Mafraq and Jerash, which are home to large refugee communities.

## Use case

Alfanar qualifies for both **R5** and **R6** companies/financing institutions. Supporting Alfanar with their fundraising efforts and the delivery of the technical support activities/ programs 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.

During our discussions with Alfana, they expressed interest in establishing partnerships to support them with the following:

- Funding to support the VP program in Jordan and Regional Impact Fund.
- Strategic partnerships to develop social enterprise specific programming, with a focus on enhancing impact modeling, 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.

### MFI

There are ten major MFIs, all members of the National Microfinance Association (Tanmeyah), that are operating in Jordan with nearly 201 branches deployed in all 12 governorates of Jordan. Most of the MFIs show strong and sustainable operational and financial performance. As of Q3 of 2021, 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 PAR30 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.

## RLI MFI Investment Opportunities in Jordan

MFI/Fund	RLens	Required TA Support / Key Takeaways
Refugee Development Impact Bond	R6	<ul style="list-style-type: none"> <li>- Structuring the Impact Bond is a lengthy and expensive process.</li> <li>- KIOS managed to acquire the know-how to be shared and replicated by different players.</li> <li>- Support humanitarian actors and impacted communities better respond to the impacts of forced displacement and protracted crises</li> </ul>
	R5	<p>TA support to introduce/develop:</p> <ul style="list-style-type: none"> <li>- Refugee Credit Assessment Tool</li> <li>- Risk sharing facility and loan guarantee program</li> <li>- Introduce innovative financing tools</li> <li>- Capacity building programs for MFI staff members</li> </ul>
	R5	<p>TA support to introduce/develop:</p> <ul style="list-style-type: none"> <li>- Impact measurement tool</li> <li>- Digital Identity protocol</li> <li>- TA facility to support MFIs in Jordan</li> </ul>

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 DFIs 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.

## Recommendations

Based on the thesis of catalytic investments, we recommend a series of specific actions and activities to help realize RLI potential in Jordan.

### 1. Deploying catalytic capital to RLI 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 have unique RLI opportunities:

- Grofin: USD 20-25 million new fund
- Alfamar: USD 50 million impact fund
- SEAF / 17 Ventures: 184 investment opportunities

### 2. Providing Technical Assistance to the wider community of Funds

In addition to the three funds listed as part of Recommendation 1, we have identified another four (iGravity, Amam Ventures, cewas, Shamal Start) that are either intentionally or unintentionally applying the Lens. We recommend extending the TA to Grofin, Alfamar and SEAF / 17 Ventures to these additional four funds, ultimately moving towards establishing the RLI 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

Investors could play 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 act expeditiously with their funding decisions and the deployment of capital to avoid losing momentum with funds that offer RLI 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 RLI 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 RLI 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, Expectation State, RIN, etc). 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 pipeline of refugee lens investments in Jordan. This is a critical element of the investment thesis and cannot afford to be overlooked. The NAB could support the following activities:

- For purely commercial investors, generate empirical evidence of commercial success of previous refugee lens investments;
- Proactively engage impact investors;
- Raise awareness on policy in practice for refugee communities and other vulnerable groups.

#### **5. Support alternative finance opportunities and pathways, increasing the application of the Lens 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 attached to stringent requirements, including the availability of collateral and guarantees (for debt financing) or lead investors (for equity financing). There are a number of initiatives currently being developed that will benefit from the application of the Lens 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.

It is critical that these new tools are aware of specific RLI 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 RLI through new, innovative mechanisms and tools**

In addition to building on existing initiatives, investors or interested actors 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 refugee lens 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 refugee lens enterprises.

#### **7. Provide support to MFIs to develop RLI 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 refugee lens 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, investors could consider supporting the development of tools that include:

- **Credit Risk Assessment Tool.** Investors could consider collaborating with UNHCR, EBRD and MFW to expand the application of the risk scoring



methodology that was specially designed for MFW to assess 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.

- **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 Identify 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. Investors 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

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 RLI 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 Ministry of Industry and Trade And Supply (MoITS) has completed a review, followed by consultations across the public and private sector before enacting the streamlining in early 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, organizations interested in RLI might consider the following activities:

- Collaborate with the Legislation and Opinion Bureau, Ministry of Investment, Ministry of Interior, 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;
- 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 RLI pipeline. Over the course of the survey, we have uncovered a number of practical workarounds being used by RLI businesses. Investors could provide a small envelope of funding to package these up and disseminate them across the wider network of RLI businesses to support early stage growth. This could be a core focus of the GSG NAB, particularly given the intersectionality across the refugee and gender lenses, and direct linkages to other SDGs.
- 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, focusing on training programs that support skills in sectors that are open to refugees.**

There is a disconnect between (largely donor funded) skills development programs and available sectors for work and entrepreneurship. To address this, we 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. First, we 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 skill sets within 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, 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 RLI 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 to support growth and investment. We could consider providing a tailored TA support program for RLI enterprises our research has identified as part of the pipeline.
- In addition, the Ministry of Investment is currently 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. Investors might engage with the Ministry to incorporate RLI enterprises and considerations into this work.

## Conclusion

RIN has uncovered a significant number of RLI opportunities at the 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 RLI in 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 an investor, there is opportunity to:

- **Disseminate findings and recommendations** to key, identified audiences in Jordan, the region and beyond;
- Convene select 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;
- Through the application of the survey and methodology, **look to neighboring markets and the wider region for opportunities to scale the potential of RLI.**

Learn more in the full report, [Data Collection Survey on Refugee-Related Business and Social Investment](#).



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