



# Cash transfers for refugees

## An opportunity to bridge the gap between humanitarian assistance and social protection

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### Key messages

- Regular, predictable cash transfers are critical for refugees' access to secure shelter and can reduce reliance on negative coping strategies.
- The effectiveness of cash transfers in helping refugees to access services and employment ultimately depends on enabling national policies being in place.
- Short-term and unpredictable funding cycles reduce long-term impact potential on economic and social outcomes.

## Introduction

The world is now experiencing the largest refugee crisis since the Second World War, with an estimated 21 million refugees as of 2015 (UNHCR, 2016a). Most refugees are facing long-term displacement due to protracted crises in their countries of origin and lack of durable solutions in host countries. The characteristics of refugees' lives are changing, with 75% now living in urban settings instead of camps (Cosgrove et al., 2016). Yet assistance for refugees is still predominantly short-term, with little potential to improve the social and economic wellbeing of refugees and host communities in the long term.

Jordan has experienced an exceptionally high inflow of refugees following the conflict in Syria, which has put services under pressure and led the government and the international community to introduce longer-term policies for social and economic integration of refugees (see Box 1). Cash transfers are increasingly recognised as an effective tool to deliver humanitarian assistance, but in a humanitarian context they tend to operate on a short-term basis, with an objective to meet immediate needs, such as reducing food insecurity.

The cash transfer delivered by the United Nations High Commissioner for Refugees (UNHCR) in Jordan is one of a few exceptions, since it has provided monthly transfers to vulnerable Syrian refugees since 2012 (see Box 2). Its design is similar to cash transfers delivered as long-term social protection programmes in stable low-income contexts, which have proven to be powerful poverty-reduction instruments, with positive impacts in the short and longer term on poverty, dietary diversity, school attendance, investment in productive assets, child labour and empowerment indicators (see Bastagli et al., 2016 for a systematic review of the evidence).

This policy brief outlines the findings of a study that assesses if the provision of cash transfers to refugees in Jordan reduces barriers to accessing basic services and employment, and whether such transfers can contribute to longer-term economic and social outcomes for displaced populations (Hagen-Zanker et al., 2017).

## Methodology

The study aims to capture the effects of the UNHCR cash transfer – as perceived by male and female beneficiaries – in terms of relieving the immediate financial constraints of households, and supporting access to services and employment in Jordan. The study was not designed as an impact evaluation.

The research was conducted in four urban sites in Jordan that showed a variation in terms of service provision, economic opportunities and vulnerability of respondents. Two sites were selected in Irbid governorate (Irbid City and Ramtha City), where 64% of refugees are classified as highly or severely vulnerable according to the Vulnerability Assessment Framework (VAF), and two

### Box 1. Syrian refugees in Jordan

Currently around 660,000 Syrian refugees are registered with the United Nations High Commissioner for Refugees (UNHCR, 2016b), although total numbers are estimated to be around 1.4 million (Danish Refugee Council, 2016). Only 20% of Syrian refugees live in camps, while the vast majority live in urban areas in Amman, Irbid and Mafraq governorates (UNHCR, 2016b). Poverty levels among Syrians in Jordan are high, with 86% living below the national poverty line of JOD 68 (Jordanian dinar; US\$96) per capita per month (UNHCR, 2015).

The large influx of refugees has put public services and infrastructure in Jordan under strain. In response to this, Jordan and the international community agreed on the 'Jordan Compact' in February 2016, aiming to generate investments into the economy and support for host communities so that Jordanians and Syrians benefit. As part of its obligations under the Compact, the Government of Jordan agreed to provide 200,000 sector-specific work permits to Syrian refugees and waived the registration fee for a grace period of 90 days to incentivise uptake.

The Jordan Compact also includes commitments by the government and the international community to invest in the delivery of basic services such as health and education, in order to address increased demand from the large refugee population.

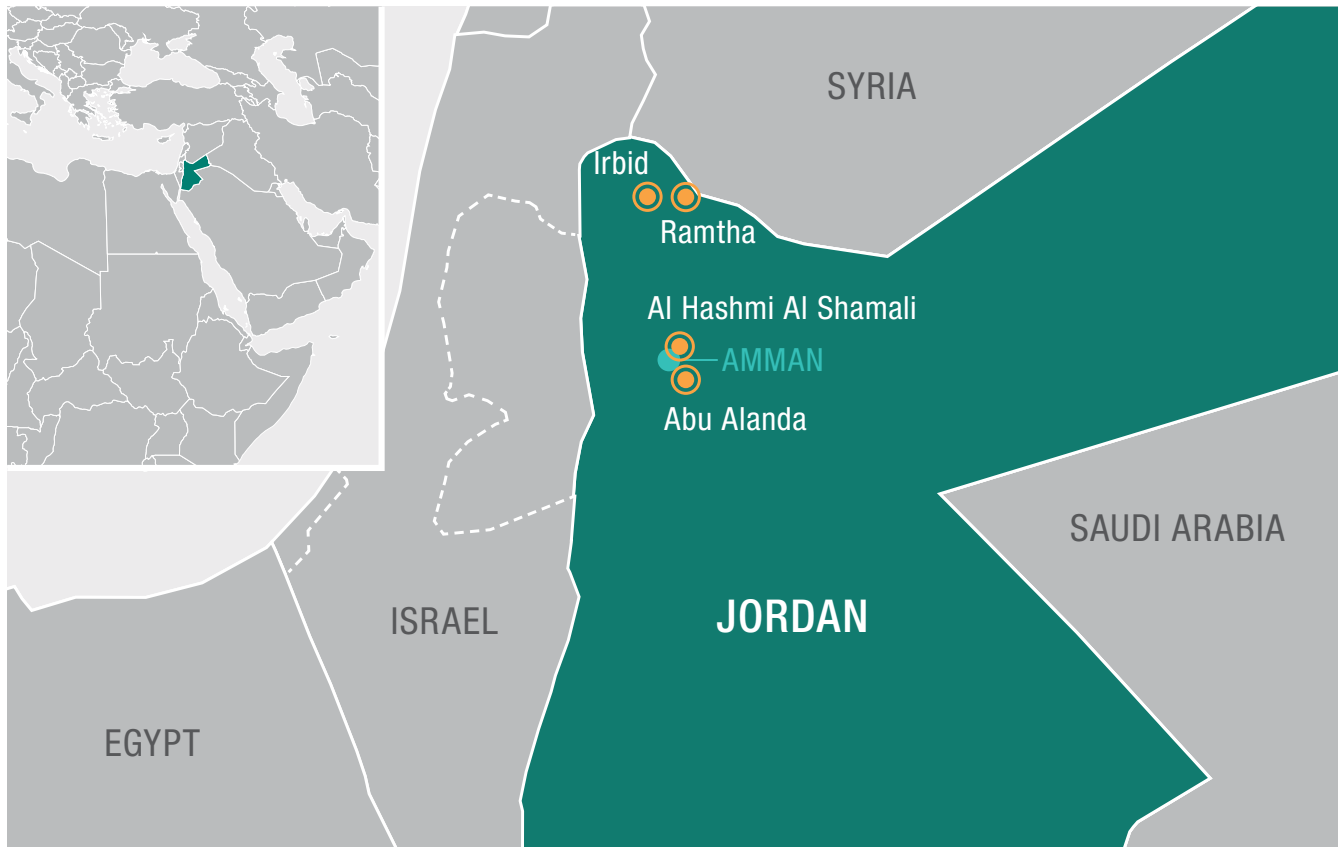
### Box 2. The case study

The UNHCR cash transfer for Syrian refugees in Jordan was launched in mid-2012, with the objective to reduce vulnerability and allow refugees to meet their most basic needs. Applicants need to have a valid urban UNHCR registration, and eligibility is assessed annually on the basis of the Vulnerability Assessment Framework (VAF), a proxy means test that mainly considers the demographic situation of the household.

Current funding levels allow UNHCR to cover one quarter of the refugee population (32,000 families), but 11,000 households are on the waiting list. Transfer levels range from JOD 80-155 per month (approximately US\$110-220), depending on household size and level of vulnerability.

In 2014 the UNHCR cash transfer amounted to 75% of all cash transfers in Jordan, with other large transfers provided as part of UNICEF's child grant and the World Food Programme's (WFP) food vouchers (Schimmel, 2015).

Figure 1. Research sites



sites in Amman governorate (Abu Alanda and Al Hashmi Al Shamali), where only 30% of refugees are classified as highly or severely vulnerable (UNHCR, 2015) (see Figure 1 for a map of the research sites).

Forty eight semi-structured in-depth interviews (IDIs) were conducted with beneficiary and non-beneficiary Syrian refugees, as well as 12 focus group discussions, to understand their experiences of accessing services and employment in Jordan and the perceived effects of the cash transfer. All findings were disaggregated by sex to analyse gender differentials.

### Direct effects of the UNHCR cash transfer

Cash transfers have been shown to reduce financial barriers to goods or services, such as medicines, school fees and travel costs (Bastagli et al., 2016), as well as fostering employment and livelihoods by enabling recipients to invest in productive assets or training (Jacobsen and Fratzke, 2016). Cash transfers can also have important effects on gender equality, psychosocial well-being and empowerment (Bastagli et al., 2016; Haushofer and Shapiro, forthcoming). Financial barriers to health and education services vary across countries, and depend on the extent to which public policies support the provision of affordable services for vulnerable groups. To effectively reduce access barriers for refugees in long-term

displacement, assistance needs to move from short-term humanitarian assistance to more reliable types of support.

### Access to health and education

In Jordan, financial barriers to education and health services are low because both sectors are subsidised by the government. The Government of Jordan extends the right to free schooling from citizens to refugees with financial support from the international community, and Syrian refugees have access to subsidised health care at the same rate as uninsured Jordanians, as long as they register with the Ministry of the Interior (MoI). The requirements for obtaining a MoI card have become stricter in recent years, and refugees who have left the camps illegally are prohibited from registering for a card. Undocumented refugees in urban areas are thus severely restricted in their access to basic services and assistance and are among the most vulnerable groups.

For those who have a MoI card, the remaining cost for accessing schools and healthcare are relatively low. In the case of education, costs linked to transport, school uniforms and pocket money are estimated to be between JOD 20-30 per month per child (US\$28-42, JENA, 2015 cited in UNICEF, 2016). While these costs strain the household budget, male and female respondents did not consider them to be major barriers that prevented parents from enrolling their children in school. Rather, **barriers to**

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school attendance are mainly non-financial and relate to the timing of school classes for Syrians – as the government introduced evening shifts to accommodate the high numbers of refugee children. Returning home from school in the dark raises security concerns for many parents, particularly those with daughters. And in the context of heightened social tensions, the clear segregation of Jordanian and Syrian children across the different school shifts exposes boys to verbal and physical harassment, since attending the evening school makes them easily identifiable as refugees. This highlights the importance of incorporating social cohesion objectives in refugee policies and programmes that aim at fostering integration between refugees and the local population.

When it comes to health services, refugees carefully weigh the opportunity cost of attending different types of services. Consultations at government-run services might be cheaper, but are more time-intensive than private providers, due to long waiting times. Depending on the seriousness of the ailment, households might decide to self-medicate and go straight to a pharmacy. Additionally, public services lack sufficient free medication, which means that patients have to purchase it from pharmacies at their own cost anyway – which together with transport costs to more sparsely located public facilities can off-set the benefit of subsidised treatment. **The UNHCR cash transfer therefore alleviates some of the financial costs of accessing healthcare – whether it be private or public – but on the whole is not decisive to accessing health treatment.** The transfer enables some beneficiaries to partially cover the costs or to secure a loan.

*‘The transfer may help with health issues, a bit that is, better than nothing. At least it is guaranteed every month, so I can borrow in advance against it, and can pay back so people would accept to lend me again.’*

(Female beneficiary, IDI16, Abu Alanda)

## Access to employment

Critical to ensuring economic integration of the long-term displaced is access to paid work (World Bank, 2016). In terms of employment, Syrian refugees in Jordan face challenges that relate to the general condition of the labour market, as well as refugee-specific work policies. Even before the arrival of Syrian refugees, Jordan’s labour market was under pressure with high levels of unemployment and informal employment, as well as dependency on low-wage and foreign labour (International Labour Organization, 2015; Stave and Hillesund, 2015). In Jordan, Syrian refugees lack understanding of current work permit policies, face sectoral restrictions for formal employment, and lack opportunities for regular well-paid and safe work. Employers are also often reluctant to employ Syrian workers formally, since this requires them to make social security contributions. In fact, 99% of

Syrians work informally in highly vulnerable conditions with little protection from exploitation by their employers and low, erratic salaries (ILO, 2015). From our discussions with both male and female respondents, it was also clear that women face gender-specific barriers, such that their involvement in the labour market is considered either inappropriate because of gender-related norms or incompatible with their care duties at home.

Prior to 2016, Syrians did not have the right to work in Jordan, although similar to other foreign nationals they could apply for a work permit in specific sectors subject to nationality quotas (Bellamy et al., 2016). The Jordan Compact has now opened a route to legal employment, with a pledge for jobs for Syrians in Special Economic Zones as well as the right to work permits tied to employers in specific sectors (including services and agriculture).

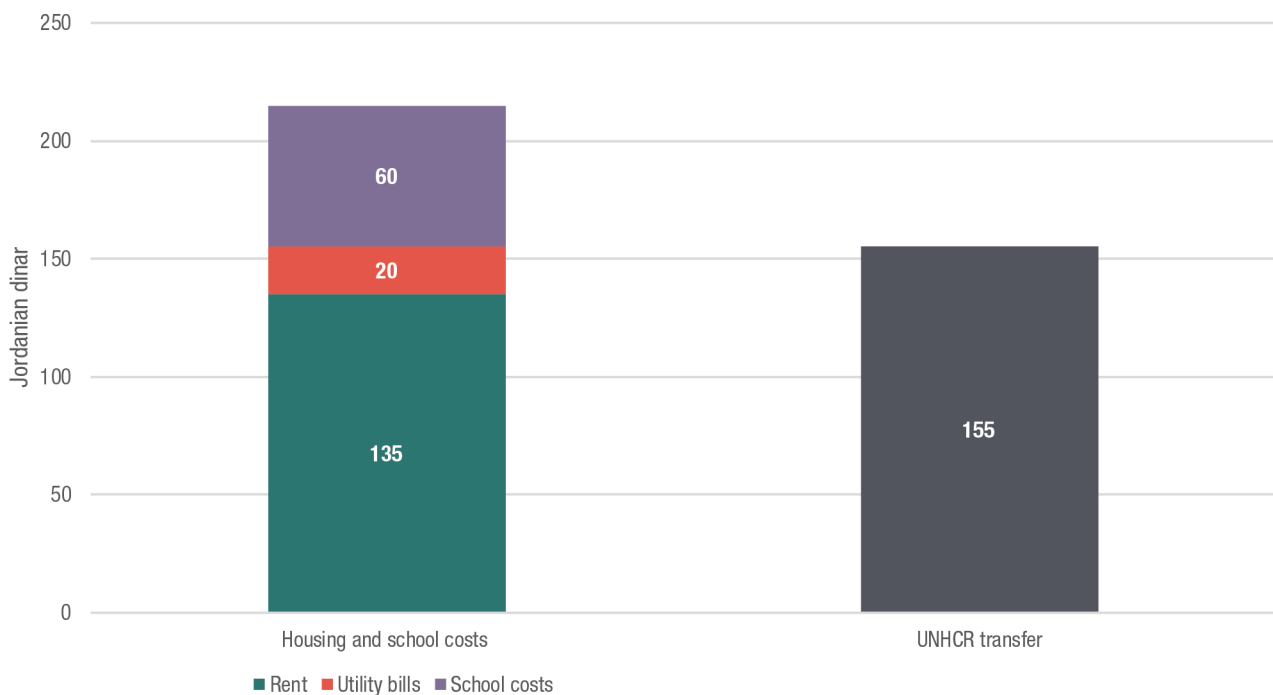
However, despite these efforts to facilitate employment, uptake of work permits among Syrians is low, with most refugee households undertaking informal work instead. Of the study respondents, only a handful indicated that they or one of their family members had a work permit, whereas many said that they were working informally. **Barriers to formal employment relate to misperceptions about work permits, as well as restrictive policies.** The limitation of work permits to specific sectors was also a disincentive among respondents, since in many cases the eligible sectors do not match the skill set of refugees. Existing work opportunities refugees have access to tend to be erratic and unreliable and beneficiaries were afraid of jeopardising their eligibility for the monthly UNHCR transfer if they took on work - even though eligibility for the UNHCR cash transfer is not tied to employment status.

## Access to secure shelter

**The most significant direct effect of the UNHCR cash transfer is that it allows refugees to secure housing.** This is consistent across male and female respondents. The majority of Syrian refugees in Jordan live outside of camps, in urban areas with relatively high living costs and limited opportunities to generate income. These conditions put households under immense financial pressure, with 85% of families considered to have too little income to meet their basic needs (CARE, 2015).

The single highest expenditure for refugees is rent, which among respondents was on average JOD 135 (US\$190) per month, ranging from JOD 70 to 210 (US\$ 100-296) depending on location and type of accommodation. Utility bills add an extra JOD 10-30 (US\$14-42) every month to household expenditures. A highly competitive housing market puts tenants who are unable to pay the rent under threat of eviction, and results in as many as 40% of Syrians moving at least three times in one year (Norwegian Refugee Council, 2015). This constant displacement can have negative impacts on the ability of refugees to retain documentation and maintain

**Figure 2. Housing and school expenditure for a family with two adults and three school-aged children versus transfer size**



Source: Authors own calculations based on respondents' data. School expenditure was estimated based on JENA, 2015 cited in UNICEF, 2016.

access to local public services, and can increase intra-household tensions and violence (ibid.).

Figure 2 highlights how housing and schooling expenditures alone exceed the maximum UNHCR transfer amount of JOD 155 (US\$220).<sup>1</sup> This highlights the critical role the transfer plays in covering rent, which is possible due to other support received, such as the WFP's food vouchers which cover basic food expenditures. Having safe and adequate shelter is critical for the wellbeing of refugee families facing high levels of income poverty, and cash assistance plays an important role here. **The cash transfer's contribution to a basic, recurrent expenditure such as rent highlights that adequate assistance for long-term displaced refugees has to move from erratic, short-term humanitarian programmes to reliable forms of support.**

### Indirect effects of the cash transfer

We observed two key indirect effects of the cash transfer in this study. First, being able to pay rent has a positive impact on mental wellbeing of many recipients, for both men and women. Studies on cash transfers have shown that this type of social protection instrument can improve mental health and reduce stress and symptoms of depression (see, for example, Haushofer and Shapiro,

forthcoming). Similarly, UNICEF's (2015: 21) assessment of its child cash grant (CCG) for Syrian refugees reported that 'one of the most notable outcomes of the focus group discussions is the number of participants that felt the CCG had a positive impact on their psychological state as well as that of other family members'.

While our research does not allow us to draw firm conclusions on impact, our data similarly suggests that receipt of the UNHCR cash transfer is associated with **improvements in psychosocial wellbeing amongst some of our respondents.** The majority of respondents considered the impact of the cash transfer to be positive, even if it only allowed them to cover the rent. One third specifically said it had improved their mental wellbeing, and alleviated anxiety and stress in the household relating to their inability to pay their rent.

The regularity and predictability of the monthly UNHCR transfer offers financial security and a reliable income stream to refugees. The ability to plan critical household expenditures on the basis of at least one regular income source could have positive long-term effects on the mental health and human development outcomes of refugees more generally.

1. The average amount of cash received by study respondents is JOD 153 (US\$216) per month, with one third of recipients receiving support from UNICEF as well as the UNHCR transfer. This average includes the UNICEF child cash grant of JOD 75 (US\$106), which approximately one third of respondents received. Almost all respondents receive WFP vouchers that can only be used to purchase food.

*'Receiving the eye bio-metric aid changed our life on all moral and financial aspects, I no longer worry about rent and it eased pressure on the entire family.'*

(Male beneficiary, Al-Hashimi Al Shamali)

Second, several respondents mentioned that **cash assistance enabled their sons to remain in school instead of needing to work and contribute to household income.** Child labour is a key source of income for Syrian refugee households, and studies have identified high – and potentially increasing – levels of child labour as a negative coping mechanism (e.g. NRC, 2016). In 2014, the prevalence of child labour was at least 40% for boys aged 12 to 15 years, and as high as 60% by the age of 16 (UNICEF, 2014).

The reasons for sending teenage boys to work are complex, and are a combination of economic need and social acceptance amongst Syrian families of young men contributing to household income. Respondents considered child labour to be less risky than adult labour, since the authorities were perceived to be more lenient towards minors found to be working informally compared to adults.

Despite the complexity of factors leading to child labour, several respondents specifically said that receiving cash support allowed them to keep their boys in school for longer. Among our respondents, the incidence of child labour was lower in beneficiary households than among non-beneficiaries. This effect, again, can only be sustained and deepened if assistance is reliable over a longer-period of time to allow child refugees to continue attending school and avoid shortfalls in human capital accumulation which will have lifelong consequences.

*'Receiving the transfer has affected the continuity of my children in their schools as things became more stable at home given aid rental. It is now easier for them to go to school, in case there was no transfer then I would have to withdraw my son from school to work. Now he works in the summer time to earn and cover his own expenses.'*

(Male beneficiary, Al Hashmi Al Shamali)

## **Policy implications: how can social protection support refugees?**

### **1. Moving from short-term humanitarian assistance to long-term protection**

One of the key determinants of the impact potential of cash transfers is the **regularity and predictability of provision over extended periods of time, which requires securing longer-term funding streams for the programmes.** Other studies on cash transfers have shown that on the

whole, longer programme participation is associated with stronger wellbeing impacts (Bastagli et al., 2016).

The regularity and timeliness of payments of the UNHCR cash transfer provides people with a sense of security, since they know that the monthly transfer will cover their rent. This sense of security is under constant threat, however, due to short-term and unpredictable humanitarian funding cycles that can cut assistance to UN agencies. In contexts of protracted crisis, cash transfers that aim to deliver reliable support to a highly vulnerable refugee population must move towards longer-term programming, which as a precondition requires more secure funding streams.

### **2. Integrating assistance for refugees with national social protection systems**

Whereas health and education services are mainly provided to refugees through the national system (with financial support from the international community), cash transfers for refugees are delivered through the humanitarian system that sits in parallel to the Jordanian social protection system. There is a lack of transparency around eligibility criteria, which can create social tensions if poor groups in the host community feel refugees are prioritised over them.

**Integrating the two systems could not only address issues around social cohesion and sustainability of programming, but could also be more cost-effective.** In Turkey, the Emergency Social Safety Net (ESSN) programme – a European Union (EU) funded cash transfer targeted at Syrians – while externally funded, builds upon the existing architecture and expertise of the Turkish Ministry of Family and Social Policy (European Commission, 2016), and has the potential to merge with the national system in the future. Factors to consider for replicating this approach include political feasibility of a potentially highly contested approach, as well as financing options. Mechanisms that have allowed the establishment of more harmonised social protection systems in developing countries should be considered, such as multi-donor trust funds that allow a greater focus on longer-term developmental impacts of social protection (World Bank, 2016).

### **3. The importance of complementary policies**

Jordan offers heavily subsidised basic services for refugees. Cash assistance can thus be used by refugees to cover household expenditures that are critical for their wellbeing, such as secure housing. Complementarity with other types of assistance, such as UNICEF's child grant or WFP food vouchers, also enable recipients to designate their UNHCR transfer towards rent.

When it comes to employment, however, the transfer and the policy environment are at odds. Barriers to accessing work permits relate to misinformation, bureaucratic obstacles, and limitations regarding the sectors that refugees can work in. All of this needs to be

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understood through a wider political economy lens, as restrictive work policies often respond to the fear of voters in host communities that refugees will provide cheaper labour and take jobs. Putting in place **policy frameworks that aim to enable social and economic integration of**

**refugees, such as the Jordan Compact**, can shift this perspective, so that the refugee crisis is turned into an economic opportunity for both the host country as well as for refugees themselves.

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