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UNHCR
The UN Refugee Agency

How Poor Are Refugees?

A Welfare assessment of Syrians Living in Jordan and Lebanon

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Background

- A WB-UNHCR partnership: WB analytical expertise on poverty and welfare and UNHCR expertise and data on refugees
- Pilot study in March 2014
- Two countries (Jordan and Lebanon)
- 6 Data sets: UNHCR registry for Jordan and Lebanon (proGres) and UNHCR and WFP home visits and surveys on refugees in Jordan and Lebanon
- Focus on refugees living outside camps

Ten Questions and a Policy Dilemma

Questions

- 1) Who are the refugees?
- 2) How different are refugees from “regular” populations?
- 3) How poor are refugees?
- 4) What are the main predictors of refugees’ welfare and poverty?
- 5) How vulnerable are refugees from a monetary and non-monetary perspective?
- 6) Do poverty and vulnerability statuses overlap?
- 7) How effective are refugee assistance programs?
- 8) What is the potential for alternative policies?
- 9) How does welfare compare across countries and data sets?
- 10) How transferable are the findings between countries and data sets?

Policy implications

- The status of Syrian refugees
- A poverty trap
- A new social contract?
- Economic integration
- Policies for economic integration and growth

Results

1) Who are the refugees?

- Syrian refugees are the result of a selection process that lasted several years and eventually resulted in refugee status (draught, civil war, internal displacement, outmigration and refugee status)
- A non-representative sub-sample of the pre-conflict Syrian population
- A population in economic, social, physical and psychological distress
- A population with limited access to essential institutions (government, services, labor markets)

2) How different are refugees from “regular” populations?

- The Syrian population before the conflict had marked differences with the populations of Jordan and Lebanon in terms of age structure, education level, labor force participation, employment structure and other key characteristics
- The Syrian refugees population is markedly different from the Syrian pre-crisis population and this resulted in increased differences between the Syrian refugee population and the Jordan and Lebanon hosting populations
- As compared to hosting populations, the Syrian refugee population is much younger, lives in larger families with lower average education, has a higher share of females and former agricultural workers, a very different structure in religious affiliations and ethnic backgrounds, fewer assets, economic opportunities and social networks, with higher shares of people in psychological distress and lower access to employment and services

=> The Syrian refugee population alters the socio-economic structure of hosting countries and has specific needs not easily addressed by services designed and proportioned for “regular” populations

3) How poor are refugees?

- It depends on the poverty line we use
- The report uses the poverty line adopted by the UNHCR in Jordan (50 JD/person/month=5.25 USD PPP) and its equivalent value in Lebanon (Amin Awad intervention)
- For a family of four, 200 JD/month in Jordan would be sufficient to buy food, clothing and some transport but would not be sufficient to pay rent and utilities.
- This is higher than the international extreme poverty line used by the WB (1.9 USD PPP) and lower than the poverty lines used in Jordan (8.2 USD PPP) and Lebanon (10.3 USD PPP)

Poverty Rates

Data set	PL=5.25	PL-JO=8.2
	USD PPP	USD PPP
JD-HV2	69.2	87.1
JD-HV3	73.2	92.3
LB-VASyR	64.0	93.5
LB-Verif	50.0	90.4

4) What are the main predictors of refugees' welfare and poverty?

- Welfare and poverty models have good fit compared to models applied to “regular” populations
- The poverty model predicts poverty correctly 90.1% of the times
- Good predictors:
 - Case size
 - Rent
 - Place of destination (country and region)
 - Official entry and point of entry
 - Principal applicant characteristics (age and marital status)
 - Selected assets (latrine, piped water, kitchen)
 - Place of origin (Damascus vs other regions)
- Education and former occupation are less important than expected

5) How vulnerable are refugees from a monetary and non-monetary perspective?

- We define vulnerability as the probability of being poor in a year time
 - Monetary vulnerability:
 - 55% of refugees are vulnerable to monetary poverty using the UNHCR poverty line of 50 JD/month. 46% are still vulnerable if the poverty line is cut by half (25 JD/month)
 - Predictors of vulnerability are very similar to predictors of poverty
 - Non-monetary vulnerability:
 - WFP Food Consumption Score (50%) - almost unrelated to monetary vulnerability
 - UNHCR Crowding Index (42%)- very related to monetary vulnerability
- => Vulnerability has monetary and non-monetary dimensions and not all issues can be treated with cash

6) Do poverty and vulnerability statuses overlap?

- They overlap but less than expected and results are sensitive to the poverty line
 - *Hard core poor*: 35% of the refugee population is poor today and expected to be poor in a year time (vulnerable)
 - *Hard core non-poor*: 11% of the refugee population are non-poor today and expected to be non-poor in one year time
 - *Movers*: The rest of the population (54%) is expected to change status over a one year period
- => Poverty among refugees is fluid and policies need to adjust quickly to changes

7) How effective are refugee assistance programs? – Jordan Poverty Rates

	% with actual existing coverage	% assuming full coverage
Pre-transfers	69.2%	69.2%
With UNHCR cash assistance	61.0%	39.3%
With WFP food voucher	32.3%	32.3%
With UNHCR cash and WFP voucher	16.6%	6.9%

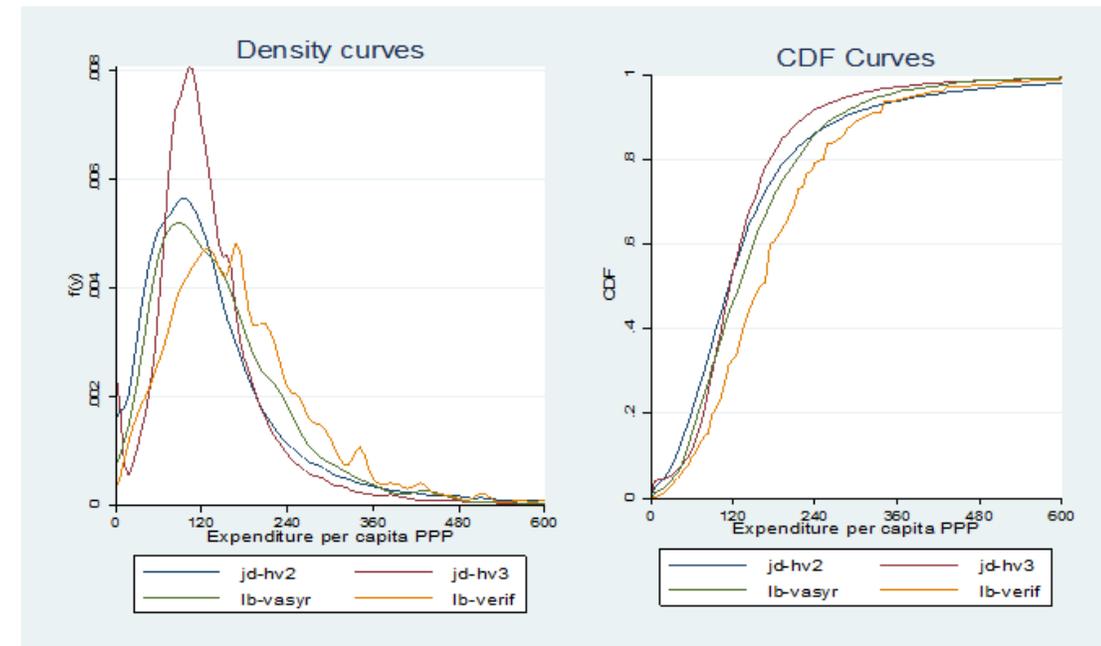
8) What is the potential for alternative policies?

- The potential of classic development policies is low
- Simulations of changes in outcomes such as education, skills and work status show almost no effects on the welfare of refugees
- No difference in welfare between those who work and those who do not work
- Little difference in welfare between those with work permits and those without work permits
- Housing policies including favorable arrangements on rents have some potential to increase welfare

Returns to labor supply policies are low because economic opportunities for refugees are scarce and characterized by low income. There are little returns in the short-term to more investments in education and skills. The problem is demand, not supply

9) How does welfare compare across countries and data sets?

- We compared welfare of refugees across Jordan and Lebanon and across the four data sets containing information on expenditure
- We find the distributions of expenditure, mean expenditure and poverty rates to be in the same range
- Refugees in Lebanon are better off than refugees in Jordan (in USD PPP)
- In Jordan, the welfare of refugees has worsened over time between 2013 and 2015. No comparable evidence for Lebanon.



10) How transferable are the findings between countries and data sets?

- Findings are generally transferable across countries
 - The population characteristics are similar
 - Welfare and poverty levels are in the same range
 - The predictors of welfare and poverty are extremely similar with very few exceptions
 - The differences observed can largely be attributed to differences in surveys and questionnaires
- => There is potential for further work on welfare also in countries where data on Syrian refugees are scarce

Policy implications

The status of Syrian refugees, a poverty trap and a policy impasse

- A precarious status
 - The status of Syrian refugees is located somewhere in between two extreme scenarios: total assistance in camps and total integration in host countries
 - Syrian refugees are, for the great majority, assisted outside camps with cash and food assistance but no shelter or employment
- A poverty trap
 - Syrian refugees are in a poverty trap. International assistance is low and declining (UNHCR, WFP, NGOs), economic opportunities in hosting countries are few and not increasing, no prospects of return to the country of origin
 - The declining welfare of refugees will not serve any interest on any side. It is a threat to local communities, refugees and third countries.
- A policy impasse
 - Hosting governments are deeply affected by the Syrian crisis and are understandably reluctant to grant greater integration
 - The international community and Europe in particular is grappling with an unprecedented migration crisis with no obvious solutions

What to do? Principles

- A new social contract between the international community and countries of first reception of refugees based on few principles:
 - Recognize the service provided by countries of first reception to the international community
 - Provide the financial infrastructure and the finance to compensate the effort of countries of first reception (1951 convention, Waddah Hmoud and Alain Bifani interventions on revising the financial arrangements, Gustavo Gonzales and Ferid Belhaj on donors not meeting commitments for resilience and development)
 - Recognize economic integration or resettlement in third countries as two equally sound options for addressing the question of refugees
 - Determine policies able to combine economic integration of refugees with economic growth of communities affected by the refugee crisis

What to do? Growth Policies

- Scale-up services: A Keynesian approach to economic downturns
- Match existing new labor supply with old labor demand
- Build incentives conducive to local business development
- Capture capital flight from country of origin of refugees
- Maintain and upgrade human capital (Abdallah Dardari intervention)
- Address long-term development challenges of hosting governments (Shanta Devarajan intervention)
- Boost regional information, trade and labor market integration (East-West and North-South)