



CENTER for MEDITERRANEAN
INTEGRATION | CENTRE pour
l'INTÉGRATION en MÉDITERRANÉE
مركز التكامل المتوسطي

The Center for Mediterranean Integration

Host Municipalities Learning Network Webinar

Deep Dive Technical presentation on Refugee-led businesses and Private Sector Engagement

September 19th, 2019

CONTEXT

Building on discussions held during the **2nd edition of the Capacity Building Workshop on Strategic Planning for LED in host communities** (Amman, Jordan, June 30 – July 4, 2019), this webinar focused on refugee-led businesses and their role in local host economies. It discussed the benefits of refugee-led private sector activities, barriers to entrepreneurship faced by displaced populations and solutions to overcome those barriers.

The Webinar was organized by CMI with support from Building Markets, a nonprofit organization that works on connecting local entrepreneurs to domestic, regional and global supply chains and supporting the growth of refugee-led businesses.

Presentation

Yara Assad from Building Markets presented that the focus of Building Markets mission is to support Small to Medium sized Enterprises (SME's) in crisis affected countries. Jordan and Turkey were the focus of this Webinar where strained infrastructure, demographic pressure and threat to social cohesion are commonly shared issues. The best way to create jobs is to support the establishment of SME's and entrepreneurial jobs as these can contribute to development, they generate taxes, and they open up for active participation in the economy and adds new and diverse skills in the communities. There are many good examples of how these kinds of businesses contribute to economic growth, as many of refugee and migrant owned businesses are already developed and established in their home country, meaning they already have a market and connections when establishing in the host countries. The startup phase is there for shorter and more likely to be successful. They also tend to hire refugees and migrants and locals alike, easing potential local tension.

Yara Assad raised the point of building capacities of businesses and then connect them with the market. Building Markets have assessed the market by gathering information about constraints, obstacles and strengths with the aim to build the capacity of business owners. They have profiled over 80 firms ready for investors in Jordan.

The differences between Turkey and Jordan are for example that in Turkey, business owners tend to be more well educated, refugees and migrants had already existing business before coming and there was already an existing experience and higher employment level amongst individuals. Challenges that are shared is the increase of an informal sector and the need of helping businesses to become formal.

Female business owners and entrepreneurs are an important group and in Jordan ca 88 women owned businesses are registered with Building Markets, mostly centered in manufacturing and food processing. Women owned business tend to employ more women than male led businesses. It is becoming more socially accepted for women to run and open businesses, and what has become evident in focus groups



is that male household leaders are more acceptant to this if women only work with women. If women employ and work only with women, barriers to work are lowered in this specific context. This is positive as it leads to more women being employed. It should be a key focus to continue and work towards bringing women onboard, not only in informal sector.

Constraints for refugee and SME's owners are:

- High operating expenses
- Rigid regulations
- Lack of costumers
- Access to finance
- Syrian refugees are not used to using banks and financial institutions which is why they don't engage for finance/investment
- Another reason for their lack of financial involvement can be their uncertain status in the country, and therefore they request less capital

Recommendations:

- Overview of Tax regulations and increased flexibility where possible
- Focus on how to connect business owners with relevant institutions and service providers
- Support businesses to employ more people and to understand local procurement procedures
- Enhance access to information
- Offer hands on training meaning demand driven training

Input and discussion from HMLN participants

Mohammad Zawahreh, Zarka Municipality affirmed that culture plays a role in employing women, as it depends on how the man in the family responds. In Zarka the NGO sector is very important, no less than SME's, and most leaders of these organizations are women and they focus on enrolling Syrian women. Grants and donors, they offer great service and employ women. In their municipality they try and find ways to enable women to find employment opportunities, for example house-based work by providing licenses for this.

The HMLN shared the same thoughts regarding the current situation in Jordan and the obstacle that Syrian refugees don't always want investments because they don't know how long they are staying, or perhaps they expect a chance to migrate further. There are some obvious challenges in accessing the Jordanian market, for example the local market cannot absorb all these new businesses. Jordan also struggle with high production prices as energy is expensive and they are not competitive. From a political dimension, there are other aspects such as when it comes to open or closed market, some countries don't want to import from other countries and do business in a protective way.

There is also the reality that regarding work licenses Syrians need to have a Jordanian partner. Syrians can sometimes start a business in the name of a Jordanian but they cannot start it in their own name. In Zarka they have industrial zones, markets where Syrian and Jordanians can sell their products, this is a way of trying to welcome people, to have seasonal markets that can bring job opportunities for refugees and hosts alike.



The participants of the Webinar found it valuable to listen to Yara's presentation and the work of Building Markets in reference to finding ways to establish links between owners of companies and enterprises, with others in say Lebanon and Turkey, this would allow cooperation and bigger markets, for products to move to other and bigger markets.

Summary of Building Markets approach for an inclusive business market:

- For increased social cohesion and counter the debate about how refugees and migrants take away jobs from locals, communicate actively about their contributions and how their businesses create more jobs.
- Registering of businesses, otherwise it will continue to add more to the informal sector.
- Financial institutions needs to be open to taking the risk, these businesses are key to decrease unemployment.
- In reference to social cohesion, Jordan is one of the most welcoming host countries, but some policies contribute negatively such as if Syrian want to register a Jordanian national needs to be in the lead an the name of registration.
- There is little interest and/or support for these businesses from decision makers and leaders and this needs to change, especially when the evidence shows the positive impact.
- Understand the role of private sector, finding a supply chain for them, private sector can be that window to help businesses scale up.
- Building Markets are happy to stay connected and provide further support to the HMLN members!