



# Near East Foundation

## DEVELOPMENT IMPACT BOND

COUNTRY: Jordan & Lebanon

PROGRAMS:

Microenterprise Development



*A Jordanian entrepreneur proudly stands in front of the kitchenware shop she launched with help from NEF.*

## Overview

The Near East Foundation is the sole service provider in a multi-country, multimillion dollar Refugee Livelihoods Development Impact Bond (DIB), designed to improve the livelihoods of refugees and vulnerable host populations in the Middle East.

The DIB will support the scale-up of NEF's livelihoods and business development programs in disadvantaged communities in Jordan and Lebanon, targeting up to 9,000 refugees, Jordanians, and Lebanese over three years. This effort will help launch 5,750 micro and small businesses, to improve income and provide pathways to self-reliance. Support for women, female-headed households, and young people will be prioritized.

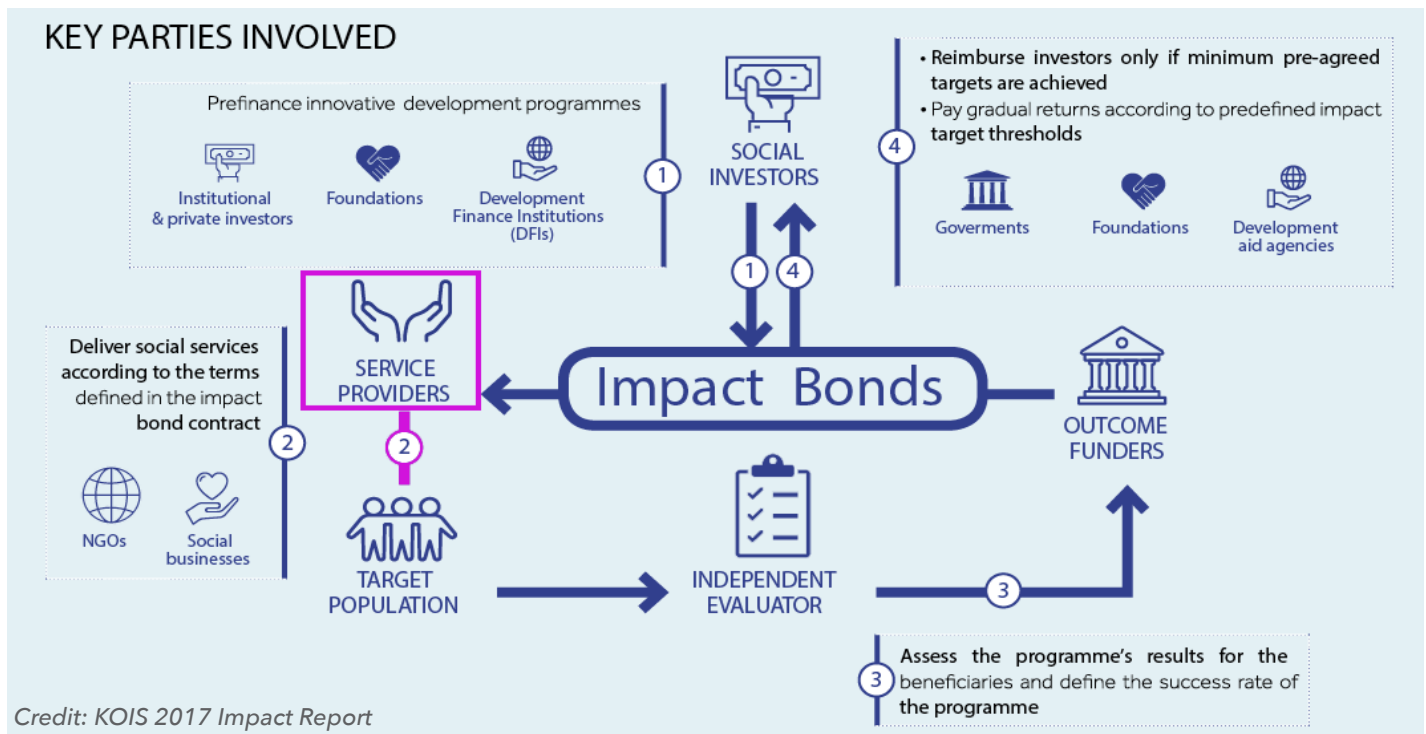
## The Need

Now in its 11th year, the Syrian refugee crisis remains the world's largest refugee and displacement crisis of our time. More than 6 million people have fled Syria, desperate to escape violence. Three neighboring countries—Jordan, Lebanon, and Turkey—host more than 80 percent of all

Syrian refugees' worldwide. The strain of an expanding refugee population in neighboring urban communities is impacting all aspects of societal, economic, and political norms.

The majority (90 percent) of Syrian refugees live in urban and often impoverished communities where competition for jobs and housing has driven wages down and the cost of living up. As a result of these circumstances, refugees and their host communities often find themselves forced to adopt increasingly risky coping strategies (e.g., debt, withdrawal of children from school, child labor, early marriage, reduced food consumption, engagement in exploitative work). These coping strategies amplify their vulnerability and render it even more difficult to rise above their current situation.

*Without livelihood opportunities for refugee and host populations, the crisis will continue to create civil tensions and put downward pressure on host countries already-fragile economies, furthering conditions for potential unrest, local conflicts, and continued reliance on humanitarian assistance.*



## Development Impact Bonds

A Development Impact Bond (DIB) is a variation of an Impact Bond that provides new sources of financing to achieve improved social outcomes in developing country contexts. DIBs focused on livelihoods and job integration offer a solution to shift from emergency relief to long-term, large-scale resilience programs.

A DIB does this by channeling multi-year funding from **traditional and non-traditional funders committed to alleviating the refugee crisis to highly effective implementing partners** to deliver pre-agreed livelihoods outcomes—while only paying out if and when those outcomes are achieved (i.e. **a pay for success funding model**).

KOIS, in partnership with the Near East Foundation (NEF), designed a “first of its kind” Refugee Livelihoods Development Impact Bond (DIB), offering **market-driven, evidence-based labor market interventions** that provide **refugees and vulnerable local communities with the hard and soft skills, market linkages, and entrepreneurship support they need to access self-reliant livelihoods**. The DIB aims to significantly contribute towards more inclusive and sustainable approaches to economic empowerment in refugee contexts.

A robust Monitoring & Evaluation framework and shared learning will generate urgently needed evidence to catalyze funding at scale for inclusive livelihoods programming for vulnerable populations in humanitarian contexts.

## Development & Design

The DIB builds on evidence and primary data generated through NEF’s ongoing work in Jordan and Lebanon where it has employed a comparable model since 2013. NEF’s primary objective in the DIB is to improve Syrian refugees’ and host communities’ access to quality livelihoods opportunities in Jordan and Lebanon.

NEF will achieve this by:

1. supporting small business creation, MSME expansion, and formal employment;
2. soft and life skills training, expanded social/economic networks, and support activities to address specific barriers to economic participation; and,
3. building capacities of local structures/civil society to deliver social and economic inclusion programming through training, support and participation in multi-actor public-private dialogue.



The development and design of NEF's program for the DIB is underpinned by two concepts:

1. The best way to build resilience and empower individuals and communities—particularly vulnerable refugees and host communities—is by **facilitating access to expanded social and economic resources, competencies, networks, skills, and tools in a sustainable way**. This enables them to take control of their economic situation and feel empowered to improve it.
2. **The critical role civil society organizations play in making a sustainable impact**. Through partnerships with local community organizations to establish livelihoods hubs in targeted areas, the DIB supports the advanced role of civil society by creating an enabling environment for refugees and vulnerable host community members to develop their competencies and confidence for economic participation and self-sufficiency.

Through the DIB, NEF will target urban and peri-urban regions that are among the most vulnerable cadasters, located in regions in Jordan and Lebanon that experience higher than national average rates of food insecurity, poverty, indebtedness, seasonal employment, unemployment, and prevalence of single-headed households in addition to hosting a large number of the most vulnerable refugees. NEF's program prioritizes women, female-headed households, and young females and males who are most impacted by identity-related protection risks.

## Stakeholders and Financial Model

**Social investors pre-finance DIB activities** to be implemented by NEF. **Outcome funders pay social investors** contingent on NEF's capacity to achieve improvements in **two outcome metrics**: (1) the percentage of businesses that are active 10 months after receiving a cash grant; and, (2) the level of increase in household basic consumption two years after receiving a cash grant.

**Outcome payments to investors start to kick in after NEF is able to achieve a minimum threshold for business creation and grow progressively as better results**



*Vicky, a Syrian refugee, started at-home catering to earn an income after receiving training and cash assistance from NEF.*

**are achieved** (up to a maximum internal rate of return (IRR)). Similarly, if NEF's program delivers a minimum improvement in household consumption, investors will receive a bonus payment (also capped). Should the minimum targets not be reached, a capital guarantee may be triggered, up to 50 percent of the principal.

Success will be evaluated using post-treatment surveys, supplemented by in-person audits of a representative sample and consumption and individual income metrics will be evaluated using quasi-experimental methods. **Evaluation will be conducted Mathematica, an independent third-party evaluator.**

The first phase of the DIB will launch in Jordan in 2021, with a phase two in Lebanon to follow soon after.

## NEF Experience

Since 1915, the Near East Foundation has pioneered innovative solutions to social and economic development challenges impacting communities throughout the Middle East and Africa, helping improve the lives of people affected by conflict and providing them with the tools to play an active role in the development of their communities. In Jordan and Lebanon, strong ties with government and local partners have allowed NEF to effectively support populations that often go unreached by other organizations. NEF's commitment to these relationships and its all-local staff have contributed greatly to our long-standing presence in the region.



NEF channels assistance through **Siraj Centers**, community-based livelihood hubs that offer technical training and essential resources - geared toward social and economic empowerment - for crises-affected people to recover their income and strengthen their local economies. Livelihoods pathways are further strengthened through peer business support networks (Siraj Networks), peer-to-peer mentorship, and Siraj Digital ([www.sirajdigital.com](http://www.sirajdigital.com)). NEF is planning to expand its regional community-embedded lending revolving funds to be available to Siraj graduates as part of Siraj Finance.

Since 2016, NEF has helped 26,500 refugees, IDPs, returnees and vulnerable community members access services and information, gain new skills and create a safe, sustainable livelihoods opportunities. In Jordan and Lebanon, 4,409 beneficiaries received business development support and 3,609 received cash grants to start/expand their businesses or income-generating activities. In 98% of cases, training/grants led to business creation/expansion and 70% of grantees surveyed reported an increase in household income. Siraj Centers in Syria have supported 1,687 individuals (1,447 farmers and 240 food processors), indirectly benefitting approximately 10,172 individuals.

A 2021 impact and learning assessment of PRM-supported programs from 2016-2020 in Lebanon revealed that NEF interventions generated beneficiary income totalling 28Bn LBP, which represents 2.6 times the total intervention's cost of 10.8Bn LBP since 2016 (or 2.6 times the revenue-to-cost ratio as a value for money).

## Contacts

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*Hana, a Jordanian woman entrepreneur, proudly displays her freshly made cheese.*



*Yousef behind the counter at his mobile phone business, which he expanded with support from NEF.*



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