Evaluation of the Refugee Livelihoods Development Impact Bond in Jordan

Issue brief | September 2025

Photo: The entrance to a Siraj Center hosted by a community-based organization where the program provided training and other services.

Introduction

The Syrian civil war, which began in 2011, generated the world's largest refugee crisis since the Second World War. As of 2024, Jordan hosted about 620,000 registered Syrian refugees, together with another 70,000 registered refugees from other crisis-hit countries (United Nations High Commissioner for Refugees 2024). A lack of livelihood opportunities forced many refugees to deplete their assets and savings, accumulate large debts, and resort to negative coping strategies. The influx of Syrian refugees occurred in a context in which there was a large population of vulnerable Jordanians, often in the communities hosting refugees, also facing livelihoods-related challenges. As the protracted nature of the displacement from Syria became apparent, the government of Jordan, foreign donors, and international organizations sought a long-term, development-oriented approach to build self-reliance and resilience among Syrian refugees. Aligned with this paradigm, a group of international organizations partnered on an innovative multi-year Refugee Livelihoods Development Impact Bond (DIB) in Jordan. This is one of 18 DIBs to date implemented in low- and middle-income countries, and the first one focused on improving the well-being of refugees through livelihoods programming. The DIB financed a microenterprise training and grants program for refugees and vulnerable Jordanians in host communities. The Near East Foundation UK (NEF) implemented the program in collaboration with local community-based organizations (CBOs). Under the DIB mechanism, DIB investors provided NEF with the upfront financing for the program and the DIB funders agreed to pay the investors at the end of the program based on the results achieved.

Key findings

- **NEF and their partner CBOs used data-driven adaptive management** to provide improved and more effective training and services to participants over time.
- **Grantees' businesses served as sustainable sources of income.** About three-quarters of grantees were still operating businesses after two years, generating average take-home business incomes of 98 Jordanian dinars (JOD) per month ($138 in nominal terms; $365 in purchasing power parity (PPP) terms) for household use.
- **Average annual household consumption was 636 JOD higher** for participants who completed the program two years prior than in a comparison group of future participants ($897, or PPP $2,366), driven by increased consumption of food and non-food goods and services.
- **More disadvantaged groups such as women, refugees, and poorer households experienced more barriers to entrepreneurship** and smaller impacts.
- **Impacts were almost exclusively driven by the receipt of cash grants**, with grantees experiencing an impact of 945 JOD ($1,332, or PPP $3,515) on annual consumption and non-grantees experiencing little impact.
- **The program model, including the CBO partnership approach, shows promise for adaptation and scaling to other contexts**, but there is room for further improvement, including through targeted supports to the most disadvantaged groups.

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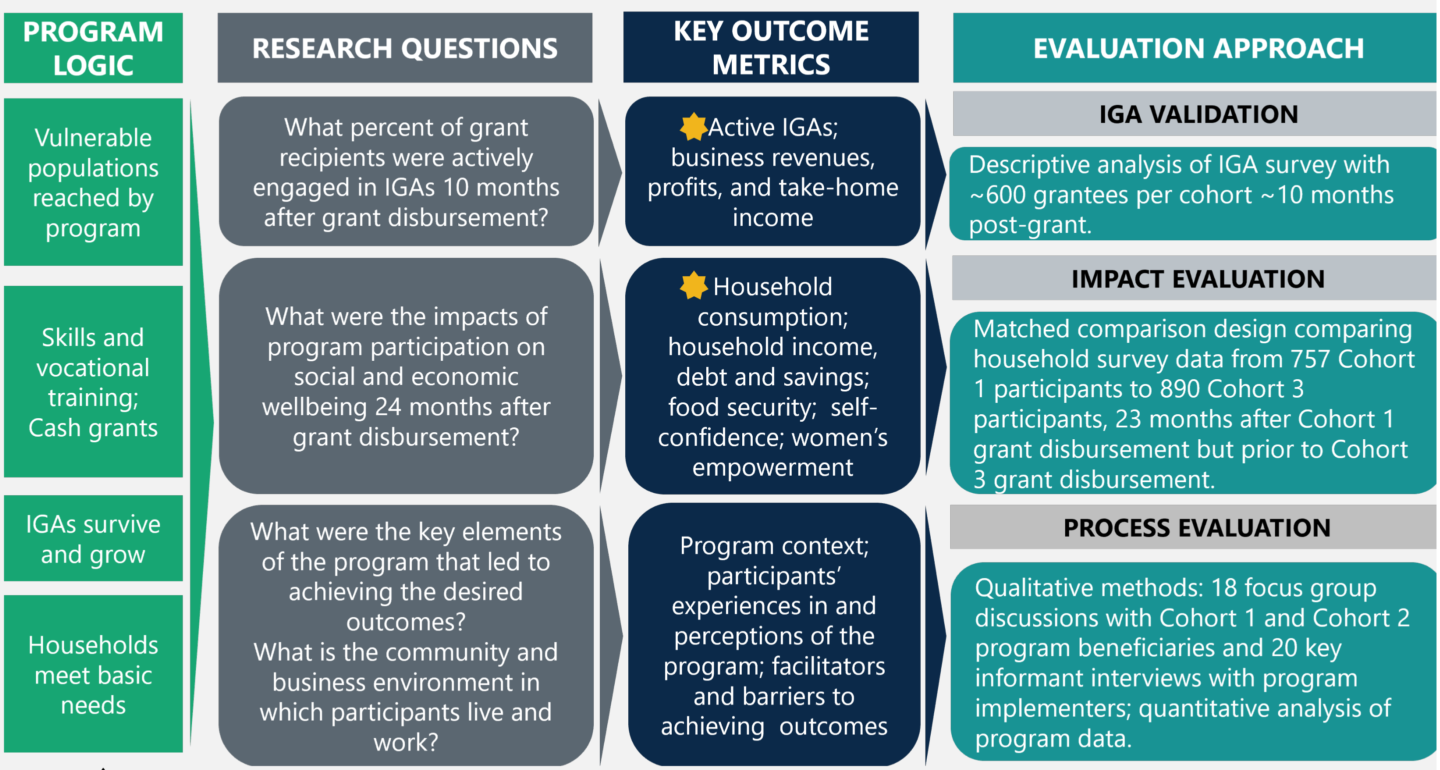
About the DIB program

The DIB-funded livelihoods program focused on supporting participants to create sustainable, mostly home-based, micro-enterprises. NEF partnered with local CBOs to identify participants based on a vulnerability assessment and deliver the program in five locations across Jordan. NEF and its partner CBOs served 5,660 participants across three program cohorts. More than three-quarters of participants were women, about one-third were refugees, about one-third were youth (ages between 18 and 25), and few were existing business owners. For each cohort, NEF and its CBO partners provided trainings and grants to small groups of participants over a six-month implementation period that started in April 2022 (Cohort 1), January 2023 (Cohort 2), or April 2024 (Cohort 3).

The core of the program was a five-day in-person sequenced training in business skills, culminating in the preparation of a business development plan that could potentially be funded through the program's cash grants. These grants were awarded to about 6 in 10 participants, ranged between 400 and 700 Jordanian dinars (JOD; between $564 and $987 in nominal terms, or between $1,488 and $2,604 in purchasing power parity [PPP] terms); the mean grant size was 580 JOD ($818, or PPP $2,158). Grant award was subject to an application from participants and approval of their plans by a grants committee. The program also provided additional post- grant support for grantees, primarily through one-to-one business mentorship sessions.

Mathematica conducted an independent evaluation of the program both to measure the metrics that determined payments to DIB investors and to generate insights about the program to support future adaptation and scale-up. The below figure summarizes the approach to the evaluation.

Evaluation framework and analytic approach



Notes: ✸ Metric triggering investor return (triggered above 44 percent for active IGAs and 0.22 standard deviations for consumption impacts); IGA = income-generating activity; ~ indicates an approximate or average number

Key findings

Program implementation

NEF’s adaptive management approach led to continuous program improvement over time. In response to feedback from Cohort 1, the program made trainings more practical, improved flexibility and accessibility to accommodate participants’ other life responsibilities, provided additional support to grantees in spending their grant, and improved communication during the grant selection process.

The core business skills training, cash grants, and post-grant support provided a strong foundation for participants’ microenterprises. Participants perceived the business skills training as inclusive and highly valuable. The program used a rigorous grant selection process to identify proposed businesses with strong potential for success. It was common for grantees to invest the entire grant in their businesses, and many supplemented it with personal resources. During the post-grant period, grantees benefited substantially from one-to-one mentorship, during which trainers conducted site visits to grantees to provide refresher trainings and offer support and encouragement.

However, there is still room for future improvement to facilitate applicants’ success in applying for and using grants. The interview that was part of the grant selection process was anxiety-inducing and uncomfortable for many participants, especially women. Future iterations of the program could consider offering more details about the selection criteria, providing additional interview preparation, or taking other steps to mitigate the anxiety around the grant selection process. Further, the grant ceiling posed a constraint to start-up and growth for some grantees whose businesses were capital-intensive, based outside the home, and/or operating in Amman, where costs tended to be higher.

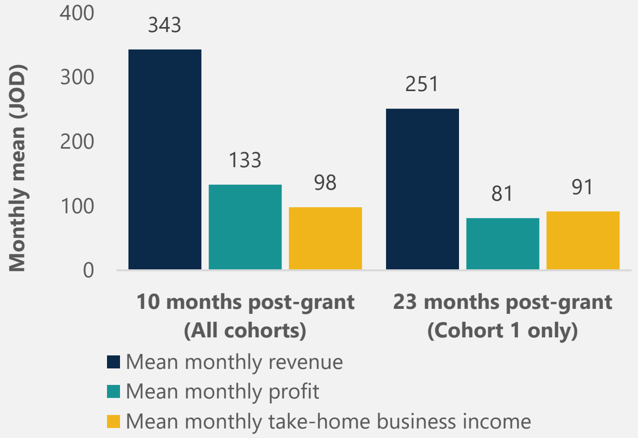
Photo: A participant who launched a bakery with support of the project shows off a cake they produced. The top of the cake bears NEF’s logo. Home food processing was the most common type of business, accounting for about one quarter of businesses supported by the program (according to the IGA survey), and was even more common among women.

Program effects on income-generating activities

The business skills training helped participants develop critical skills to successfully establish and operate their businesses. Grantees put these skills into practice, and most reported implementing small business management best practices that are typically associated with other positive business outcomes. Participants also reported a greater sense of self-confidence, motivation, and independence as a result of the training.

About 10 months after grants were disbursed, almost all grantees’ businesses were still active, and the vast majority were earning positive monthly profits and generating income to support personal and household expenses. The main payment metric for the DIB, the business metric defined based on having an active IGA 10 months after grants were disbursed, was 98 percent for grantees across all cohorts combined. These active businesses were typically conducting frequent transactions and almost 90 percent were earning positive profits. Mean monthly profits were 133 JOD ($188, or PPP $495), of which a mean of 98 JOD ($138, or PPP $365) was take-home income that went towards supporting personal and household expenses.

Business financial metrics for active grant-supported businesses at 10 and 23 months post-grant



Source: IGA surveys (10 months) and impact survey (23 months)

Mean reported take-home income is equivalent to about one-third of the national minimum wage and about one-third of mean monthly household expenditures for refugees. Male grantees reported higher levels of revenue, profits, and take-home income from businesses than female grantees. This is likely related to differences in business types, the additional resources they have invested in their businesses, and the amount of time they spend each week on their businesses.

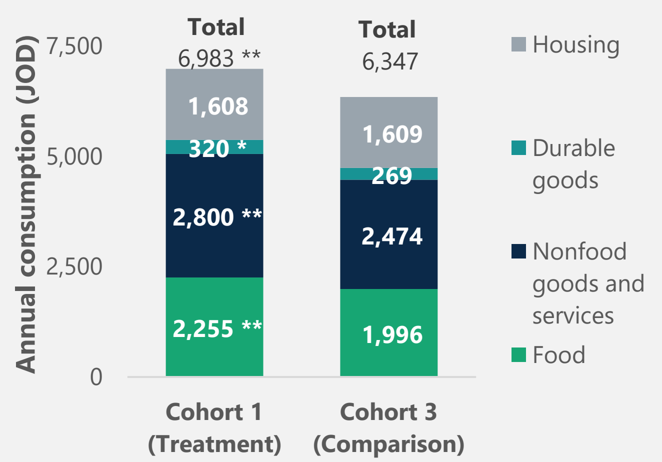
Almost two years after grant disbursement, most grant-supported IGAs from Cohort 1 were still active and serving as a steady source of income. In the two-year impact survey, 76 percent of Cohort 1 grantees still satisfied the criteria used to define an active IGA for the DIB's 10-month business metric. Most Cohort 1 grantees' businesses remained profitable about two-years after receiving grants. Mean reported revenues and profits among active Cohort 1 businesses declined relative to the 10-month mark, although we cannot rule out that this is related to poorer business record-keeping over time, with more self-reports at the two-year mark. Nevertheless, mean take-home business income for personal and household expenses among active businesses, which was self-reported at both 10 months and two years, held steady over time .

Program effects on well-being

The program led to a 10 percent, or 0.22 standard deviation increase in total annual household consumption; a separate analysis showed that impacts were predominantly experienced by grantees. Almost two years after the grants were disbursed to Cohort 1**,** the estimated mean value of the household consumption metric for Cohort 1—including grantees and non-grantees—was 636 JOD ($897, or PPP $2,366) higher than matched Cohort 3 households. This impact was driven almost entirely by Cohort 1 grantees, who experienced an impact of 945 JOD ($1,332, or PPP $3,515), equivalent to a 15 percent or 0.36 standard deviation increase relative to matched Cohort 3 future grantees. In contrast, there were near-zero impacts on non-grantees. This implies that receipt of grants and post-grant support, rather than the business development training, are driving the overall impacts on consumption .

Households were using most of their increased income to increase consumption of nutritious and staple foods, increase their use of health care services, and meet other basic needs like clothing and utilities. Most of the impacts on consumption were driven by increased consumption of food and non-food goods and services.

Impacts on annual household consumption, overall and by category



Source: Impact survey

Notes: Samples include grantees and non-grantees.

*/** Difference significantly different from zero at the .05/.01 levels, two-tailed test

Households also spent their increased income on increasing their household assets, primarily household appliances and electronics. Cohort 1 households reported modestly reduced food insecurity and utilization of harmful coping strategies compared to matched Cohort 3 households. Despite these positive impacts, it was still common for Cohort 1 households to use relatively severe coping strategies, suggesting that most were still not able to ensure food security and fully meet their basic needs.

Impacts on income and consumption were not evenly distributed across different sub-populations, and tended to favor groups who were more advantaged prior to starting the program. Men, youth, Jordanians, and households that were relatively better off prior to joining the program experienced the largest impacts on income and/or consumption. However, differences in impacts across subgroups are complex, and likely reflect an interplay of demographic, socio-economic, and other household characteristics, as well as unmeasured expenditure categories like debt repayments and remittances.

Conclusions and recommendations

The impacts on the consumption metric are near the upper range of impacts found in the reference studies that were used to set the thresholds for DIB payments. Standard deviations were used as the unit of the consumption metric because they are a common way to compare impacts across different outcomes and program contexts. The reference studies had impacts of between 0.07 and 0.38 standard deviations on consumption or expenditure, a closely related measure. In comparison, our estimated impacts on consumption were 0.22 standard deviations for all participants, and 0.36 standard deviations for grantees only. Impacts were also similar to impacts of livelihoods and cash transfer treatments from the Middle East and North Africa (MENA) region.

Recommendations for livelihoods program

- ✓ **Carefully select and build the capacity of CBOs** to serve as vital partners throughout implementation.
- ✓ **Include cash grants or tailored in-kind support** in entrepreneurship programming to help participants overcome financial constraints.
- ✓ **Carefully identify participants with the motivation and ideas to be entrepreneurs** but who may lack sufficient resources or skills to launch or grow businesses.
- ✓ **Provide additional, targeted supports** to subgroups who face barriers to income-generating activities.
- ✓ **Consider results-based funding models** that provide stable funding and flexibility for implementer-led innovation.

Recommendations for results-based financing programs

- ✓ **Align payment metrics with a detailed program logic**, including both short-term and long term outcomes.
- ✓ **Consider using household expenditures, rather than household consumption,** as a practical measure of economic well-being.

The multi-year flexible funding provided by the DIB, its use of both short- and longer-term payment metrics, and multiple stages of measurement, helped to align implementer incentives with program objectives and support program improvements over time. The guaranteed funding and programmatic and budgetary flexibility offered by the DIB funding model has encouraged NEF to test multiple activities and approaches, collect and analyze data at each phase to reflect on their effectiveness, and improve their approaches over time. Internal and external monitoring and evaluation activities have resulted in measurable improvements in implementation across cohorts. The DIB payment metrics also struck a good balance between balancing DIB parties' financial risk and sufficiently incentivizing sustainable improvements in outcomes. Further, the multi-cohort approach and multi-step evaluation has fostered a collaborative, mutually supportive relationship between NEF and the independent evaluation team, supporting ongoing improvements in program implementation and data quality.

The program was cost-effective. We estimate that, over 10 years, the program will generate net benefits of about $2,900 per grantee in business profits and $3,500 per grantee in household consumption after subtracting program costs. The benefit-cost ratio for business profits is 1.98, meaning the program generated $1.98 in profits for every dollar invested. For household consumption it is 2.16, which compares favorably to related programs.

Photo: The entrance to a CBO center. Partnering with CBOs helped NEF recruit participants and adapt the program to the needs of local communities.

Expenditures may be more suitable for use as a measure of economic well-being and a DIB payment metric in this context than consumption. Despite its theoretical advantages, measuring consumption posed some challenges for survey respondents and omitted expenditure categories that reflect household economic well-being and may be important in this context. Although measuring expenditures also has some disadvantages, an expenditure-based measure might have been preferable given that the aim of the evaluation was to compare economic well-being between a treatment and comparison group rather than to produce an accurate stand-alone measure of household consumption.

The use of local CBOs as a hub for services can strengthen implementation effectiveness and sustainability. Interviews with program implementers indicated that CBOs played a critical role in the success of implementation, using their longstanding presence in the community to support broad-based recruitment efforts, build participant trust and confidence in the program, and address key barriers to participation. NEF also reported engaging CBO staff in the program design stage, collecting participant feedback, assessing implementation strategies, reviewing, and interpreting monitoring data, and informing adaptations and improvements to activities across cohorts. In turn, collaborating with NEF strengthened CBO capacity to implement similar programs, resulting in increased outside funding. This program highlights the value of locally led implementation of livelihood programs, with appropriate support and capacity building from larger national or international organizations with the relevant capacity, experience, and local knowledge.

The positive findings suggest that the program was effective for participants selected for grants, but it may not be a catch-all solution for improving the well-being of all vulnerable populations. These results reflect benefits for a carefully selected group of vulnerable individuals who demonstrated the aspirations and the capacity to be entrepreneurs. It is unlikely that the program would be similarly effective if it were scaled up in a way that involved a less stringent selection process that sought to reach a broader vulnerable population. The program also relied on NEF's extensive experience with and learnings from implementing similar programs in the MENA region and its deep understanding of the cultural context. Adapting this program to other countries or by other implementers would need to carefully account for the local business environment and economy; social, cultural, and gender norms; and implementer experience.

While the findings overall are positive, they also suggest that additional, targeted supports may be needed to ensure that the benefits of the program are distributed more equitably. Subgroup findings show that some subgroups (women, refugees, the economically worst-off at baseline) experienced smaller impacts on income and/or consumption than others, and qualitative evidence suggests that women and refugees faced additional barriers to starting and growing their businesses. A comprehensive assessment to identify the primary barriers for these groups and targeted supports that could address those barriers in the local context could help to promote greater equity in program outcomes.

For more information about the DIB program, including the final evaluation report, please visit the evaluation website.