TECHNICAL ASSESSMENT – ADDENDUM

The context, rationale and boundaries of the proposed restructuring and additional financing of the PforR are detailed below.

**Theme: Improving labor markets for Syrians**

1. **The first component of the PforR supports Syrian refugees’ access to the formal labor market allowing them to legally contribute to Jordan’s economic activity.** The disbursement linked indicator (DLI) counting the number of active work permits was designed as a proxy to measure the number of Syrian refugees benefitting from the right to work. The number of active work permits are defined by the number of work permits issued from January 1 to December 31 of each calendar year because the work permits expire annually and counting the cumulative number since 2016 does not reflect the number of beneficiaries. To support the target, the Government of Jordan has taken several important steps, since 2016, including (a) allowing Syrian refugees to use the Ministry of Interior ID card in lieu of a passport and removing the prohibition to work; (b) prioritizing Syrian refugees over economic migrants by placing a partial moratorium on new economic migrants entering Jordan and waiving work permit fees for Syrian refugees; and (c) relaxing labor inspections targeting Syrian refugees for the next two years.

2. **Between 2016 and 2018, Syrian were working, but the work permit figures stalled as of 2017.** The restrictions to foreign labor and flexible work permits in agriculture ensured that the work permits target was met in 2016. The year 2017 witnessed some bottlenecks (skills certification requirements and some logistical challenges) and consequently results were 15% below the target. The year 2018 has been even more challenging and the work permit issuance stalled.

3. **The reality of employment of Syrian workers in Jordan is much more positive than what the work permits figures are able to capture due to high numbers of informal employment.** There are between up to 150,000 employed Syrians in the Jordanian labor market whereas the number of active work permits has been stable from 2017 to 2019 at around 45,000 work permits issued each year.

4. **After the Jordan Compact was agreed upon, Syrians were granted the right to work.** They are now up to 150,000 working formally and informally (the double than pre-Compact and PforR), with protection from any form of punishment for working. Between 2014 (pre-Compact and PforR) and 2018, Syrian unemployment rate fell from 61% to 25% and their labor force participation went up 4 points to 32 percent (60 percent for men and 3 percent for women).¹

5. **Jordan managed to issue more work permits to Syrians than its neighbors.** Compared to countries with higher capacity, Jordan has taken a fundamentally different approach with 30% of employed Syrians having a work permit in Turkey² only 3% of workers have a work permit and in Lebanon it is close to zero³, despite larger Syrian populations in these two countries (3.7 million⁴). Turkey has

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¹ Source: FAFO Institute. The living conditions of Syrian refugees in Jordan Results from the 2017-2018 Survey.
³ Source: https://www.lb.undp.org/content/dam/lebanon/docs/CrisisPreventionRecovery/SupplementArticles/16Supp/PEACE%20BUILDING2%2016%20July%202017%20p4.pdf
⁴ Source: https://data2.unhcr.org/en/situations/syria. Data for Lebanon: As of November 2019, 919,578 Syrians are registered as refugees with UNHCR. However, UNHCR has continued to record Syrians that have crossed the border after May 2015 for assistance purposes. Lebanon
allowed local authorities to waive the need for work permits in agriculture and construction in an inconsistent manner.

6. The work permits numbers are not as high as expected because of process rigidity (tying the worker to an employer or a sector) and bureaucratic hurdles, in addition to the pervasive informality in the labor market. The amendment to DLI#1 aims to address this rigidity by offering flexible work permits that do not tie the worker to an employer. Besides, this amendment also adjusts the hypothesis of the trade deal with the EU (relaxation of the rule of origin-RRO) which did not lead to the expected investments and export growth and therefore the expected creation of formal jobs. In December 2018, the EU has reduced its work permits targets from 200,000 to 60,000 for the extension of the RRO from the 18 special economic zones to the entire country. The EU has also amended its budget support “DLI” to use the number of employed Syrians- formal and informal- instead of work permits.

7. A new approach is needed to recognize that the number of Syrians de facto working in Jordan is higher than the number of work permits issued, given the difficulties in streamlining the Ministry of Labor’s processes for the issuance of work permits to Syrians in parallel with controlling the number of migrant workers.

**Figure 1. Evolution of work permits and working Syrians pre and post Jordan Compact**

### Assessing the reality of Syrian employment and disentangling the notion of informality

**Definitions**

- **Syrian refugees**: in this document, Syrian refugees will be referred to as Syrians. For the Jordan Compact and the Economic Opportunities for Jordanians and Syrian Refugees project, all Syrians are considered refugees in Jordan, regardless of their registration with UNHCR, as they cannot go back to Syria due to ongoing security concerns.

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• **Work permits**: In this document the number of work permits refers to those issued each calendar year. Since work permits have a validity of one year, this is the closest and more practical proxy of the number of Syrians holding a valid work permit. The cumulative number of work permits since 2016 includes active and expired work permits and do not represent the number of Syrians holding a valid work permit.

• **Economically active**: means employed or looking for work. It is reflected by the labor force participation rate = employed + unemployed (divided by population of working age). The economically inactive are not working nor looking for work.

**Assessing the reality of Syrian employment**

8. Since the adoption of the Jordan Compact in February 2016, the GoJ has introduced multiple policy measures to ease Syrians’ access to the labor market. These measures included, inter alia: waiving work permits’ fees, introducing flexible work permit schemes whereby Syrians can directly obtain work permits without the need for an employer nor a work contract in agriculture and construction, excluding Syrians working in the manufacturing sector from the gradual reduction of foreign labor quotas associated with the National Empowerment and Employment Program (NEEP). Moreover, relaxed inspections have also significantly reduced the likelihood of legal shocks related to working faced by Syrians. Since January 2016, Jordan has issued over 129,156 permits (including renewals) with an average of about 45,000 work permits issued each year from 2017 to 2019.

9. About one third of the working age Syrian population are economically active and 22.6 percent of Syrian adults are employed. The Labor Force Survey (LFS) suggests that about 150,000 Syrians are employed in Jordan, of which a little over 5,500 Syrian women are employed. The LFS also suggests that about one third of Syrian adults are economically active i.e. employed or looking for work. Their unemployment rate is close to 32 percent in 2018 (versus 18.6 percent for Jordanians). Labor force participation rates of Syrian men stand at 63.4 percent versus 56.4 percent for Jordanian men, whereas the labor force participation rate for Jordanian women is higher than that for Syrian women. To note, unemployment rates for Egyptian migrant workers or Non-Arab world migrant workers are very low and participation rates are high.

10. Regardless of their work permit status, 65.5 percent of employed Syrians are working in the manufacturing, construction or wholesale retail and trade sectors. A closer look at these sectors shows that of the 27.5 percent of Syrians working in the construction sector in 2018, 43 percent did not hold a valid work permit. It is also evident that the Syrians are not necessarily working in the sector indicated on their work permits. While the majority of work permits were in the agricultural sector in 2018, only 5% of employed Syrians reported working in agriculture of which 57 percent were working without a valid work permit in 2018 (Error! Reference source not found.). Given that 150,000 Syrians are working while the number of active work permits is about 45,000 indicates that for every Syrian holding a work permit, there are two Syrians working without a work permit. A recent assessment conducted by ILO and FAFO also indicated that only 30% of employed Syrians hold a valid work permit. This poses the question of the

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7 A 2017 ILO study reported that focus group discussions with Syrian refugees indicated that they applied for agricultural permits because it had fewer requirements, but in practice, they worked in other sectors. https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_559151.pdf

benefits and protection brought by work permits and the relevance of an indicator counting the number of work permits as a proxy for employed Syrians.

Figure 2: Distribution of employed Syrians by economic activity (sector) in 2018 and work permits issued for the same year

![Graph showing distribution of employed Syrians by sector and work permits issued in 2018.]

11. **The vast majority of employed Syrians are in five major occupational groups.** About 93 percent of Syrians who were working in 2018 worked as services and sales workers, skilled agricultural, forestry and fishery workers, craft and related trades workers, plant and machine operators and assemblers, or elementary occupations (Figure 3 and Figure 4). Considering workers of all nationalities in 2018, one third (about 748,000 workers) are working in occupations within the major occupational group of services and sales workers. Syrians make up 4 percent of the services and sales workers, so for every Syrian working in this group there are 8 foreigners and 12.5 Jordanians.\(^9\)

Figure 3: Distribution of workers by major occupational group – LFS 2018

![Graph showing distribution of workers by major occupational group.]

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\(^9\) Further analysis of workers in services and sales workers occupational group using LFS (2018) indicates that Syrians are working as service and sales workers in the occupations of shops salesperson (ISCO522) at 47%, and cooks (ISCO512) at 26%. For Jordanians within the same group: protective service workers (ISCO 541) at 56% and shops salesperson (ISCO522) at 29%. For other nationalities within the same group: building and housekeeping supervisors (ISCO515) at 42% and protective service workers (ISCO541) at 44%.
**Figure 4**: Distribution of workers by major occupational group and sub-major group – LFS 2018

<table>
<thead>
<tr>
<th>Elementary Occupations</th>
<th>Street and Related Sales and Services Workers</th>
<th>Refuse Workers and Other Elementary Workers</th>
<th>Labourers in Mining, Construction, Manufacturing and Transport</th>
<th>Food Preparation Assistants</th>
<th>Cleaners and Helpers</th>
<th>Agricultural, Forestry and Fishery Labourers</th>
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<td>Plant and Machine Ope...</td>
<td>Stationary Plant and Machine Operators</td>
<td>Drivers and Mobile Plant Operators</td>
<td>Metal, Machinery and Related Trades Workers</td>
<td>Handicraft and Printing Workers</td>
<td>Food Processing, Woodworking, Garment and Other Craft and Related Trades Workers</td>
<td>Electrical and Electronic Trades Workers</td>
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<td>Craft and Related Trades Workers</td>
<td>Subsistence Farmers, Fishers, Hunters and Gatherers</td>
<td>Market-oriented Skilled Forestry, Fishery and Hunting Workers</td>
<td>Market-oriented Skilled Agricultural Workers</td>
<td>Sales Workers</td>
<td>Protective Services Workers</td>
<td>Personal Services Workers</td>
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<td>Clerical and Associated Workers</td>
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<td>Skilled Agricultural, Forestry and Fishery Workers</td>
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12. **Precarious work is prevalent among Syrians.** A recent rapid assessment conducted by the ILO and FAFO indicates that 69% of Syrians engaged in temporary, seasonal and irregular. A closer look at

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10 ILO and FAFO. 2020. *Facing Double Crises: Rapid assessment of the impact of COVID-19 on vulnerable workers in Jordan.* (Note: The sample covered in the survey includes 1,580 respondents of which 46 percent are female. The sample was comprised of 56 per cent Syrians and 44 per cent Jordanians. Most Jordanians in the sample (men and women women) worked in manufacturing and most Syrian men were in construction and Syrian women in manufacturing)
the distribution of Syrians workers by occupational groups within economic activities indicates that Syrians in general hold occupations in the five major groups indicated earlier across multiple. For example, Syrians work in services and sales workers occupations across 12 economic activities while Syrians work in elementary occupations across 18 sectors. Both the distribution of Syrians workers by economic activity and occupation and the findings of the recent assessment by ILO and FAFO, indicate that Syrians are moving from one job to the other, based on market demand and may likely engage in jobs across multiple economic activities over time.

13. COVID-19 is increasing the vulnerability of workers in Jordan, especially those who are involved in temporary, seasonal and irregular employment. A recent rapid assessment by ILO and FAFO indicated that nearly half of the respondents (47 per cent) who were employed before the lockdown, were currently out of work: 13 per cent had been permanently dismissed; 18 per cent had been temporarily laid-off but expected to resume work once the crisis is over; and 16 per cent were on paid leave.11 The households of the workers have limited savings and limited to cash assistance where only 13 per cent of all respondents reported that their household received cash assistance.12 Among Syrian respondents, 20 per cent reported receiving cash assistance through international organizations, compared to 3 per cent of Jordanians through the National Aid Fund (NAF).13

The benefits of Syrians being economically active

14. Syrian employment not only ensures self-reliance and dignity, it also contributes to economic growth in Jordan. Given that Syrians moved with their families, they spend the income earned in Jordan – as opposed to sending it abroad as remittances for migrant workers- and generate growth through the multiplier effect. A study by the Economic Research Forum (ERF) suggests that the presence of refugees and their access the labor market, created demand for goods and services that stimulated the economy and employment.14

15. Jordan Compact, as indicated by a recent assessment by the ILO and FAFO, has provided access to the labor market but not necessarily to formality, decent work and workers’ protection.15 These findings further support the rationale of the proposed restructuring and additional financing of the PforR detailed in this addendum. Two recommendations of the assessment are in fact very relevant to the proposed restructuring and additional financing of the PforR. First, using the current crisis to address pre-exiting labor market challenges, mainly that of high informality, through an inclusive and gradual transition from an informal to a formal economy which leaves no one behind and which takes into consideration the concerns of both workers and employers. Second, the formalization and decent work are effective measures to support and protect workers during crisis situations.

Disentangling the notion of informality in the Jordanian labor market

16. Informality is usually measured by the lack of a formal work contract and/or a registration with social security (see Box 1). However, in Jordan, the situation is more nuanced as Social Security Law and Labor Law do not apply to all workers. The Labor law in Jordan states that its jurisdiction does not apply to workers in agriculture and domestic services.16 Additionally, the Social Security Law (2014) does not

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cover workers with part-time employment relationship with an employer (less than 16 working days per month for the same employer). Consequently, workers in agriculture and casual labor in other sectors such as construction are unlikely to be registered with social security. Nonetheless, this does not mean employment in the above-cited categories is illegal as the definition of the work contract in the Labor Law recognizes any agreement -written and verbal- between the employer and the employee.\textsuperscript{17}

\textbf{Box 1. What is informality in the labor market?}

As per the ILO definition, “employees are considered to have informal jobs if their employment relationship is, in law or in practice, not subject to national labor legislation, income taxation, social protection or entitlement to certain employment benefits (paid annual or sick leave, etc.) for reasons such as: non-declaration of the jobs or the employees; casual jobs or jobs of a limited short duration; jobs with hours of work or wages below a specified threshold (e.g. for social security contributions); employment by unincorporated enterprises or by persons in households; jobs where the employee’s place of work is outside the premises of the employer’s enterprise (e.g. outworkers without employment contract); or jobs, for which labor regulations are not applied, not enforced, or not complied with for any other reason. Operational criteria used by countries to define informal jobs of employees include the lack of a work contract, coverage by social security system and the lack of entitlement to paid annual or sick leave.”

\textit{Source: https://www.ilo.org/ilostat-files/Documents/description_IFL_EN.pdf}

\textbf{17.} Many workers in Jordan are employed without a written contract and a significant share, especially among migrant workers, lack coverage by the social security system. The Labor Force Survey (LFS) data allows for measuring the occurrence of employment without social security and/or the presence of a written contract.\textsuperscript{18} In 2017, the LFS indicates that 18 percent of employed Jordanians reported working without a written contract and in 2018, 25 percent reported working without social security coverage. This share of social security coverage is even lower for Jordanians employed in the private sector. While 59 percent of Jordanians work in the private sector, about 55 percent benefit from social security coverage compared to 99 percent in the public sector (40 percent of employed Jordanians). Social security coverage is also much lower for foreign workers, where 92 percent of employed foreigners are not registered at the Social Security Corporation (SSC) and 65 percent are working without a written contract in 2018. Informality, as defined by lack of a work contract and/or social security coverage, is seen to have increased from 2017 and 2018 (see Figures 6 and 7).

\textbf{Figure 5: Share of workers reporting no social security and no written contracts by nationality – LFS 2017-2018 (percent)}


\textbf{18} Self-reported.
18. Holding a valid work permit does not ensure that the worker has a work contract nor is registered with SSC (see Figure 4). The issuance of a work permit does not oblige the employer to register the employee with SSC, unless he/she works more than 16 days a month. In 2017 and 2018, the number of Syrians registered with SSC hardly exceeded 12,000 indicating that the vast majority of Syrians are working without accessing social security insurance. This is confirmed by the LFS which indicates that in 2018, 92% of Syrians employed with a valid work permit are not registered in the SSC and 74% of them do not have a contract. This trend has also been worsening from 2017 to 2018 (see Figure 6).

19. According to ILO, holding a work permit is associated with a sense of safety and stability, and to almost no disadvantage. The ILO qualitative research also suggests that Syrian respondents with work permits earned more than those without – but the study’s sampling does not allow articulating a causal relationship between work permits and higher income. Other findings suggest that quotas and Ministry of Interior cards were the main obstacles to obtaining work permits, the majority of Syrian respondents with work permits were not covered by social security and only a third of Syrian respondents with work permits had a written contract which echoes the findings of the LFS data.

Figure 7: Employed Syrians and self-reported employment conditions, LFS (2018)

Source: All calculated by authors based on Social Security data and Labor Force Survey 2018.

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19 According to the Social Security Law.
20 https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_559151.pdf - The report is based on quantitative data collected from 450 questionnaires, field consultations with Syrian refugees, as well as qualitative data obtained through 11 focus group discussions with Syrian workers and their employers in Amman, Irbid, Mafraq and Zarqa.
Do Syrians compete for jobs with Jordanians or with migrant workers?

20. **Syrians rarely compete with Jordanians for jobs. They mostly compete with migrant workers.** This finding is consistent with several labor market studies indicating that the increased labor supply, resulting from the access of Syrians to the labor market, did not have negative effects on labor market outcomes for Jordanians. The labor market’s sectoral structure is heavily dependent on services and the public sector. The LFS data shows that Syrians are most probably competing with migrant workers for jobs and not with Jordanians. About 60 percent of Jordanians are working in sectors where Syrians are barely present (about 5 percent of Syrians are employed in those sectors), if present at all: public administration, education, transportation, human health as well as financial services, real estate, information and communication and professional/scientific sectors. The public sector continues to play a key role as an employer of 40 percent of Jordanian workers. Syrians mostly work in the construction, manufacturing as well as wholesale and retail sectors. A study by the Economic Research Forum (ERF) found little effect of massive influx of Syrian refugees in Jordan, on Jordanians’ employment. The research indicates that Syrian refugees compete with non-Jordanian workers in the informal labor market, indicating a displacement effect.

**Theme: Improving labor market formality and decent work**

This component will tackle formality through increased social security registration, labor inspections and decent work in agriculture.

21. **Workers’ social security coverage remains low in Jordan, especially in the private sector where 59 percent of Jordanians (47.7 percent of women and 61.7 percent of men) and almost all foreigners work.** Only 47 percent of Jordanian workers in the private sector and 8 percent of Syrian workers enjoy social security coverage. According to the 2018 Labor Force Survey data, 43 percent of Jordanians employed in the private sector report that their employer does not contribute to social security on their behalf. An additional 2 percent report not knowing if their employer does contribute. This share stands at 68 percent when we include non-Jordanians. Foreigners report low employer contribution to social security - less than 4 percent of employed Syrians and about 8 percent for other nationalities. Women have better social security coverage than men as 77 percent of Jordanian women employed in the private sector report having social security coverage compared to 50 percent for Jordanian men. The main issue identified behind this lack of private employers’ compliance is the lack of enforcement by social security inspectors but also the fact that labor inspectors do not inspect for forms’ compliance with social security.

22. **A voluntary social security insurance scheme is available and operational but may benefit from expansion and flexibility to attract informal workers.** Self-employed, Jordanians working in other countries or even inactive individuals can join a voluntary scheme to which about 65,000 individuals were enrolled in 2018. Women make up one third of those enrolled in elderly basis and about 56 percent of them are between 31 and 45 years of age. The scheme offers a window to support informal workers and expand their access to insurance benefits nevertheless careful consideration need to take place to assess the willingness to pay and the convenience of the scheme to current and future informal workers. Anecdotal evidence suggest that the scheme is perceived as expensive and rigid. Lack of payment

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21 Jordan Jobs Diagnostic, World Bank 2019 - unpublished
23 Authors calculations based on Labor Force Survey 2018 – Source: Department of Statistics (DOS). Including own account workers and employers.
24 Authors calculations based on Labor Force Survey 2018 – Source: Department of Statistics (DOS).
flexibility, for example, limits the ability of daily workers to enroll in the scheme since only a single payment is allowed per month.

![Figure 8. Distribution of informal workers according to economic activity](image)

Source: DOS Labor Force Survey 2018

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23. **The Social Security Corporation is reviewing its insurance bylaws and is considering the expansion of insurance benefits to workers benefiting from flexible work arrangements, including part-time workers.** Flexible work was enacted as a bylaw in 2017 by the Ministry of Labor and in 2018, the Minister of Labor issued specific instructions requiring all employers with 10 or more employees to amend their internal policies to reflect the forms of flexible work arrangements available for employees. The

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**Box 2. Private firms’ non-compliance with Social Security Law**

The Economic Research Forum assessed the reforms to social security in Jordan in 2010 and 2014 which included increasing employee and employer monthly contributions, covering even micro firms (with at least one employee), and allowing the self-employed and inactive housewives to voluntarily participate.

Using the results of Jordan Labor Market Panel Survey (JLMPS) between 2010 and 2016, access to social insurance coverage has improved but mainly for private sector wage workers, irregular wage workers, and non-wage workers (employers and self-employed), particularly among men. The observed narrowing in the coverage gap among private sector wage workers was primarily in small firms with five to nine workers (for men) while the gap widened in large private sector firms. This trend may be associated with the higher ability of the larger firms to avoid compliance and afford fines.

The study also found out that lack of social security coverage is a relatively persistent state in the private sector if the wage worker could not get it immediately upon getting hired. Also, women are more likely to have social insurance when starting their jobs indicating their preference for formal jobs.

flexible work bylaw is being revised by the Ministry of Labor. Simultaneously, the Social Security Corporation is revising its insurance bylaw and the publicly available draft states that the SSC will issue instructions defining the conditions and mechanisms to enroll flexible workers. Daily and informal workers, who are likely to benefit from in-kind support during the COVID-19 crisis, could also benefit from these reforms if designed to meet their needs and expectations.

24. **Labor inspection is key to enforce decent working conditions.** While the labor inspectorate of MoL is well staffed, with a ratio of one inspector per 8,800 workers, labor inspections are not risk based, nor comprehensive. They are not digitized and would benefit from joining the national Integrated Inspection Management System established by the Ministry of Industry and Trade, stemming from the Inspection Law of 2017, with the support of the World Bank Group (IFC). This IT system enables risk-based inspections and more efficient, transparent and traceable inspections. MoL will benefit in parallel from technical assistance from ILO to improve inspectors’ capacity and inspection procedures. This will ultimately enable inspectors to effectively enforce core worker rights, supervise implementation of labor regulations, and provide technical assistance and advisory services to enterprises.

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**Box 3. The integrated inspection management system (IIMS).** IFC supported the GoJ in building the IIMS that is shared among inspectorates and based on international best practices. This system provides inspectorates with a registry of enterprises subject to inspection and enables the recording of information on business profiles, which can be shared among inspectorates and allows for coordination and collaboration between them. The system also provides automated workflow capabilities for carrying out inspection activities such as inspection planning and scheduling, recording visit results using inspection checklists and reports, as well as the implementation of risk-based approaches, among others. Additionally, the IIMS provides a reporting engine to enable inspectorates to generate reports and statistics about their inspection activities and results, and measure performance indicators; in addition to document management and archiving capabilities to handle attachments uploaded to the system, such as lab results, photos, and other documents obtained. The system also has an online interface that allows businesses to access information about inspections done on their facilities, provide information to inspectorates and report corrective actions taken in response to non-compliance, conduct self-inspections, and submit appeal requests on inspection decisions.

Source: International Financial Corporation.

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**Decent work in agriculture**

25. **The agriculture sector in Jordan provides a critical source of income and resilience, particularly for the poorest segments of society.** The Government estimates that 25% of poor households rely on the sector for income. It is also a sector with great export value and potential, especially in the high value fresh fruits and vegetables have an important export potential.

26. **Currently labor in agriculture is not regulated by the Labor Law and is not enforced by labor inspections,** which poses problems in terms of decency of working condition and credibility of the sector in terms of export to high value and demanding markets such as the EU, where compliance with international labor standards are part of the offering.

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25 Compared to one for 27.7k workers in Turkey, one for 81k workers in Iraq, one in 36k workers in Brazil and one in 238k workers in Bangladesh.
27. In the agriculture sector, the workforce is largely comprised of waged workers, mostly Egyptians and some Syrians, and small-scale farmers. These workers are vulnerable, due to their limited bargaining power, informal working arrangements and lack of representation. Few agricultural waged workers are covered under social security and most lack sufficient resources to purchase private work injury insurance. Monitoring decent work in the sector also suffers from a set of unique challenges, as farms are remote and agricultural wage workers move frequently between employers seeking seasonal work. The pervasive informality in agriculture reinforces poor working conditions.26

Theme: Improving entrepreneurship through home-based businesses

28. In Jordan, only 19% of businesses are co-owned by women and a mere 2% of firms have females in their top management teams.27 The findings of the labor force survey also confirm limited economic participation of women as businesses owners. In 2018, only 4% of working women were employers or own account workers compared with 12.9% of working men.28 Additionally, during the period 2009-2016, female entrepreneurial activity as a percent of the total adult population actually decreased to 2.7% compared to 5.3% in 2009.29 Moreover, self-employment and business ownership for women decreased between 2005 and 2016.30 The reasons for such low levels of entrepreneurship were cited by female survey respondents as being due to their businesses being non-profitable (most are clustered in consumer-oriented businesses with limited export potential), family obligations, access to finance challenges (with lack of collateral as a significant issue) and government policies.31

29. Limited national data is available, through administrative records or the enterprise census by the Department of Statistics, on the total number of businesses operating in Jordan, their degree of formality and their ownership and management structures. Nevertheless, a survey conducted by the USAID Jordan Local Enterprise Support project (LENS), covering a number of governorates, indicates interesting differences between men- and women-owned Micro and Small Enterprises (MSEs).32 The survey found that 9.1% of MSEs are owned by women where the largest share of women-owned business is in pre-primary and primary education at 80% and the smallest share in maintenance and repair of motor vehicles 1%. Women-owned businesses are more likely to be seasonal, operate from home, be un-

Box 4: Gender differences – Micro and Small Enterprises in Jordan

Women-owned businesses are:
- 11 times more likely to be home-based,
- 9.4 times more likely to hire women,
- Less likely to operate year-round,
- Less likely to use a vehicle for business,
- Less likely to be registered.


26 ILO. Advancing Decent Work in Jordan’s Agriculture Sector: A compliance model. 2019.
29 Global Entrepreneurship Monitor defines female total early-stage entrepreneurship of an economy as share of female population aged 18-64 who are either a nascent entrepreneur (actively planning a new business) or owner-manager of a new business (within the first 42 months of starting). www.gemconsortium.org.
31 Ibid.
32 USAID LENS MSE Survey covers Amman (excluding Greater Amman Municipality), Aqaba (excluding the special economic zone), Irbid, Karak, Tafila and Zarqa. MSEs include all small businesses and income generating projects with fewer than 50 employees.
registered and they earn half of the earnings of men-owned businesses. The women who own their businesses are less likely to be married and are more likely to hire other women than men-owned businesses. Women own half of the 5,000 home-based businesses surveyed by USAID LENS. The revenue of these businesses is the sole source of income for 75% of the owners who mainly sell their products or services, through word of mouth.33

**Figure 9: Women in businesses**

![Graph showing women in top management and co-owners.]


**Figure 10: Women as employers and own account workers**

![Graph showing employers and own account workers.]

Source: Department of Statistics, Labor Force Survey, 2018

30. **In a nutshell, businesses owned by women tend to be rare, small, seasonal, informal and home-based, confined in low productivity activities and having limited access to markets.** Given the small size, low productivity and seasonal nature of their activity, women-led businesses tend to stay informal. The lack of networks and access to markets due mainly to social norms often confine them into subsistence activities with no potential to formalize or grow.34

31. **Home-based businesses are a good way to enable micro or small size entrepreneurship for women** and the youth through lower startup costs, while also allowing women to overcome or circumvent, child care, transportation and social norms constraints. Therefore, by supporting a strong regulatory framework for home-based businesses, the project supports the creation of higher quality, better protected employment and entrepreneurship opportunities for women.35

32. **So far, close to 1,000 HBBs started or formalized their activity with a predominance of women owners in the food sector** outside of Amman and male owners in professional services in Amman. In Greater Amman Municipality, women own about 34 percent of HBBs and 68 percent operate in professional services while 12 percent are in the food sector. Outside Amman, about 76 percent of HBBs are owned by women and mostly operate in the food sector.

33. **Although the number of formalized Syrian HBBs is still very small at 22, by end of 2019, data showed that 68 percent of them were owned by women and almost all of them were operating in the food sector.** HBBs could be an alternative to waged employment that enables Syrian women to access alternative economic opportunities through self-employment. Currently, Syrian women labor force participation, stands at only 3 percent and they hold less than 6 percent of work permits issued in 2019.

34. **The GoJ has opened closed sectors such as food, handicraft and hairdressing to Syrian HBBs (and**

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35 Ibid.
SMEs of less than 10 employees) in November 2018. However, implementation revealed administrative obstacles to Syrian HBBs formalization. The Ministry of Industry and Trade and the Company Control Department continued to request Syrian passports as a proof of identity, which prevented most Syrians from formalizing their businesses. The additional financing includes an action (legal covenant) reasserting the fact that the MoI card can be used as a proof of identity to register a business.

35. Greater Amman Municipality (GAM) and the Ministry of Local Administration (MOLA) will have to streamline the regulatory framework to make first-time licensing and licensing renewal of home-based businesses easier. Such streamlining will partly rely on the new Licensing Law of Greater Amman Municipality (being discussed in Parliament) and the upcoming equivalent law for MOLA to prepared and enacted in the near future-following the model of GAM. GAM and MOLA will also have to interact will sectoral licensing entities, such as the Jordan Food and Drug Administration, to coordinate, adopt a risk-based approach and simplify processes. Licensing fee reduction – requiring several regulatory changes in MOLA- will also have to take place to reduce cost of entry and operations. Communication campaigns will also have to be performed by MOLA to raise awareness about this type of entrepreneurship and the opportunities linked to it, especially for women. GAM has conducted a series of communication campaigns, including some focusing on women and has a dedicated website.36

Figure 11. Home-based businesses geographical distribution by gender

<table>
<thead>
<tr>
<th>Location</th>
<th>All</th>
<th>Women-owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Amman</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Irbid</td>
<td></td>
<td></td>
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<tr>
<td>Mafraq</td>
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<td>Madaba</td>
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<tr>
<td>Outskirts Amman</td>
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<td>Tafiea</td>
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<td>Balqa</td>
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<tr>
<td>Aqaba</td>
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<tr>
<td>Ajlun</td>
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</tbody>
</table>

Theme: Improving digital financial inclusion of Jordanians and Syrians, with a focus on women

36. There is growing consensus that financial inclusion plays an important role in addressing development challenges such as poverty and inequality, and in contributing to economic growth. Access to and usage of quality, affordable financial services can help households build resilience and improve their overall welfare, as well as enable small businesses to invest in productive assets and expand. Financial inclusion also benefits the broader financial system--contributing to financial stability and financial integrity. From a payments system perspective, financial inclusion, and the adoption of transaction accounts in particular, can have positive impact on the development of payment systems,

36 www.hbbjordan.com
stimulating continuous modernization and improvement of payment systems and services, and ultimately enhancing the overall efficiency of the economy.

37. Jordan has recently made progress on its financial inclusion level, with the Central Bank of Jordan’s diagnostic survey indicating that 33% of adults had a formal financial services account in 2017, compared to only 25% in 2014. This improvement can be attributed to the country’s strong commitment to financial inclusion. Jordan’s comprehensive National Financial Inclusion Strategy (2018-2020), sound regulations and good infrastructure for mobile payments put the country at the forefront of financial inclusion efforts in the Middle East.

38. However, Jordan still has ways to go as women’s account ownership (27.2%) was still below men’s (37.6%) in 2017. Only 19.3% of adults in the low-income bracket had an account at a financial institution, and only 5.6% of them borrowed from a formal institution in 2017. Slow customer uptake and low usage of digital financial services also remains a key challenge. At the end of 2018 only around 7% of the adult population had a mobile money account.

39. Financial inclusion is key to women economic empowerment. Female financial inclusion is hindered by considerations linked to costs and accessibility but also to social norms. Both aspects need to be tackled. Gaining access to a bank account enables women to save their income and gain more agency and control over assets. Research from the Better Than Cash Alliance has shown that in Bangladesh garment factories where wages are digital, female workers are 69 percent less likely to report that they cannot save money because a family member controls their salary.

40. There is a need in Jordan to increase take-up and usage of formal accounts among women. While there was a large gender gap (10%) in formal account ownership in Jordan, contrastingly women had a higher rate of informal savings compared to men. This indicates an unmet demand for a safe, affordable, and convenient way for women to save. GoJ has taken efforts to increase formal account ownership, while noting that account ownership levels among women (27%) is substantially lower than the national average (33%) in 2017. Prior to CBJ launching the basic account initiative in February 2019,

Box 5. Jordan financial inclusion strategy

CBJ officially launched Jordan’s National Financial Inclusion Strategy (NFIS) 2018-2020 in December 2017. Key components of the NFIS are:

- Three pillars: (1) microfinance; (2) digital financial services (DFS); and (3) SME finance;
- Four cross-cutting areas (or enablers): (i) financial technology (fintech); (ii) financial consumer protection and financial capabilities; (iii) data and research; and (iv) and laws, regulations, and instructions.
- Four priority segments: the bottom 40% of households in terms of income; women; youth (15 to 24-year-olds), and refugees.
- Two high-level goals: (1) increase the level of FI (defined as ownership of account at a financial institution) from 33.1% in 2017 to 41.5% by 2020. This includes increasing refugee account ownership from 7.0% in 2017 to 9.2% in 2020. (2) increase women’s account ownership from 27% in 2016 to 36% in 2020.

most banks in Jordan imposed fees and required certain minimum balance that could deter customers, especially those with lower level of income, from opening and keeping an account.

**Box 6. Financial inclusion of Syrian refugees**

Financial inclusion is an important entry point to promoting resilience of host communities and refugees in Jordan. Today the financial inclusion of Syrian refugees in Jordan is extremely low, largely deterred by the reticence of financial services providers to serve the market in addition to the vulnerable socio-economic position of Syrian refugees in Jordan. Only 7% of Syrian refugees had an account at a financial institution and only 1.4% had access to credit in 2017. To open a bank account, refugees (and non-nationals) in Jordan are required (by banks) to submit a passport copy for KYC purposes, which many do not have. The Common Cash Facility (CCF) spearheaded by UNHCR and the current systems of cash assistance do not translate into financial inclusion as they do not offer means to store or save money. The increased use of emergency cash transfers delivered through cards, ATMs, and mobile wallets provide the opportunity to link beneficiaries to transaction accounts for the first time and, from there, to a broader set of financial services (payments, savings, insurance, and credit). In 2016, the Central Bank of Jordan made a public commitment under the Maya Declaration to provide refugees access to digital financial services. Since then, UNHCR cards were legally recognized, in conjunction with the Ministry of Interior’s identification cards, to open mobile wallets – the first time across the globe. There is thus an amenable enabling regulatory environment for the financial inclusion of refugees in Jordan, in contrast to other emerging economies in the region.

41. Slow customer uptake and low usage of digital financial services remains a key challenge. While there are six mobile payments services providers (MPSPs) offering mobile wallets, there were only 608,344 registered wallets at the end of 2019. Moreover, only 11% of these wallets were actively used within the past 30 days. Main reasons include among others: (i) insufficient PSPs’ investment in a network of agents to expand access points for cash-in-cash-out and delivery of digital financial services. There are only 1,248 registered mobile money agent outlets at the end of December 2019; (ii) The limited use cases of wallets due to low equipment of merchants (iii) Low level of digital financial literacy, especially among women, low-income Jordanians, and refugees; and (iv) the need to leverage large-volume payment streams to catalyze the uptake.

42. Ongoing initiatives to address the above-mentioned bottlenecks include:
   a) JoPACC working with MPSPs on building solutions such as cost-sharing model for an interoperable mobile POS that supports a variety of mobile payment schemes, including Quick Response (QR) code and launching the Unified Agent Interface (UAI) initiative, which focuses on enabling access to digital financial services, specifically mobile wallets, to Jordanians and refugees in Mafraq and building the capacity of Post Office branches in the city to serve as agents for mobile wallet providers.
   b) Digital financial awareness and literacy initiatives, mainly driven by the CBJ and the development communities and private sector providers.
   c) Ongoing initiatives to establish an electronic Know-Your-Customer (e-KYC) system to lower the cost and time of account opening building on Jordan Smart Card ID system, which is essential for e-KYC;

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d) Digitization of National Aid Fund (NAF) payments. WBG Joint SPJ and FCI teams are working with CBJ and NAF to digitize social payments of (185,000) beneficiaries in all governorates that are paid out in cash. Almost 23,198 beneficiary households are now paid digitally through basic bank accounts and e-wallets, 30,000 more on March 2020 and 25,000 in 2021 and is expected to increase the number of digital wallets by (55,500) and basic bank account by (129,500). Moreover, Dinarak, one of the licensed PSPs, will be conducting financial literacy programs and training for both agents and beneficiaries, and activate service touch points in Irbid, Ajloun, Karak, and Aqaba governorates. Recent decision was taken also to digitize bread subsidies through NAF.

e) The government is committed to the digitization for government payments including supporting e-payments for all applicable government services, towards advancing penetration of digital payments in Jordan. The WBG is providing support through the Youth, Technology, and Jobs (P170669) project. To that end, the GoJ formed a task force for the digitization of government payments/revenues on November 19, 2019 with membership of Ministry of digital Economy (MODEE), CBJ and Ministry of Finance (MoF). MoDEE has recently started the development process of the front-end solution to provide front facing citizens with diverse options/tools to make their payments digitally, building on the existing robust back-end system (eFawateerCom, which is an integration platform (Electronic Bill Presentment and Payment), owned by the Central Bank of Jordan (CBJ) and operated by MadfooatCom - launched in 2014). Front end solutions will support the Ministry of Health (MoH), Ministry of Transport, Ministry of Finance (MoF), Income and Sales Tax Department (ISTD) among others in enhancing their internal payment systems and processes as part of their introduction of e-services.

f) Entry of big players as Careem and Orange which were licensed recently is expected to create growth in the market. It is estimated that there will be 1 million downloads for Careem app. and 21,000 drivers where almost 70-75% of users are expected to open and use digital wallets.

g) Digitization of Salaries. World Bank support under Mashreq Gender Facility (MGF) through developing transformation plan for digitization of salaries at the private sector. The plan will identify some key sectors and child care can be considered. This will ensure adherence to minimum salary norms in sectors where women are more heavily employed through digitization of salary payments. This will help MPSPs drive transaction volume by partnering with private sector actors to provide digital payroll solutions. 70% of private sector employees in Jordan receive their wages in cash only. Nearly half a million unbanked adults work in the private sector and get paid in cash only despite owning a mobile phone.

43. Further steps cold be taken to improve the uptake of digital financial services. For instance, simplified KYC or e-KYC in line with FATF AML-CFT standards, a risk analysis and the specific guidance on digit ID; requiring key merchants to accept digital payments: credit cards or e-wallets (such as public transport companies, pharmacies, hospitals, and supermarkets); conducting systematic awareness campaigns; allowing MFIs to act as agents and using Post offices and other public outlets as agents.

Theme: Improving women economic opportunities through childcare

44. Women labor force participation in Jordan is very low at 15 percent\textsuperscript{40}, even by regional standards. Women are considered as primary caregivers, which limits their opportunities to engage in economic activities. Besides, marital status and educational attainment are important determinants of women labor market outcomes in Jordan. When comparing women with similar characteristics, married women are 12.5 percentage points less likely to be in the labor force than single women and 9.6 points less likely to be employed than single women. Additionally, having children is also correlated with a lower

\textsuperscript{40} World Bank World Development Indicators- retrieved November 2019.
likelihood of being in the labor force. Women whose youngest child is 5 years old or less are 6.6 and 4.6 percentage points less likely than women without children to be in the labor force or employed, respectively.41

45. **Currently, educated women dominate the labor market.** In a context, where women labor force participation stands at 15 percent and female unemployment rate at 27 percent42 about 64% of working women have a bachelor’s degree or more whereas they represent less than 20% of the population (see Figure 10). Their children benefit much more from childcare service then the children of less educated women.

**Figure 12: Working age and employed Jordanians women (DOS, Labor Force Survey, 2018**

46. **The care economy, encompassing sectors such as child care, elderly care and domestic services, has the potential of employing a large number of women while freeing time for other women to work.** The care sector is underdeveloped in Jordan and requires policy measures and regulatory reforms to allow it to flourish, create jobs and contribute to economic growth. The GoJ has already taken a set of actions to ignite this sector.

47. **International experience shows that increasing the provision of quality child care services increases women labor force participation.** Filling the gap in terms of childcare services provision- in particular for the less educated women by providing affordable, convenient and quality solutions- will allow them to supply their labor and contribute to the economy. A recent study explored the effect of social norms on women’s employment and indicated that two thirds of unemployed women actually want to work. The binding constraints include lack of childcare, limited work flexibility and part-time employment, limited job growth and lack of adequate public transportation, particularly in rural areas, scarcity of attractive job opportunities and lack of jobs in the public sector.

48. **The childcare service provision gap is immense: only 3% of children below 5 benefit from child care services.** The estimated number of day care facilities in Jordan suggest that there is a total of 1,340 licensed nurseries in aggregate, divided amongst public schools (570), NGOs (31), private facilities (603) and workplace-based facilities (136). A number of key informants has also cited informal provision of childcare services, and an estimated 50,000 to 60,000 children are utilizing unlicensed home-based

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42 Department of Statistics.
childcare facilities. Given that the population of children below the age of 5 years in Jordan is 1.3 million and assuming that each nursery is serving an average of 30 children, then only 3% of the children below the age of 5 years are served. The National Strategy for Human Resources Development sets the following targets for enrolment rates:

a) 10% of children by 2021. In order to achieve this target about 3,000 additional nurseries will be needed (with a capacity of 30 children on average).

b) 20% of children by 2025. In order to achieve this target over 7,000 additional nurseries will be needed (with a capacity of 30 children on average).

49. **Current child care coverage benefits the more educated and the richest.** About 23% of children of highly educated women attend a childcare program versus 5% to 8% of children of less educated women. This observation is consistent with the wealth profile of mothers. The wealthiest benefit much more childcare programs than less wealthy families (see Figures x and y below).

50. **Childcare coverage, for age 3-5, has declined and is limited to few hours a week.** According to the Jordan Population and Family Health Survey, the share of Jordanian children age 36-59 months attending an organized early childhood education program-including KG2- has declined from 22% in 2012 to 13.6% in 2017/2018. These children have attended, on average, only 14 hours of childcare in the last week. For Syrian children, age 36-59 months, only 6.6% attend an organized early childhood education program, including KG2.

51. **Filling this gap will require a comprehensive and coordinated approach.** There are several channels of provision of child care services. Boosting each channel will address different market segments and provide families with choices while spurring investment and entrepreneurship. Below, are highlighted (in bold) the channels the PforR aims to support through financing and technical assistance. These focus on private sector provision of child care services requires, like any sector:

a) An enabling investment climate i.e. a good regulatory framework allowing formalization with low cost of operations.

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44 Department of Statistics, population estimates for the 2018.
45 Department of Statistics (DOS) and ICF. 2019. *Jordan Population and Family Health Survey 2017-18*. Amman, Jordan, and Rockville, Maryland, USA: DOS and ICF.
46 Department of Statistics (DOS) and ICF. 2019. *Jordan Population and Family Health Survey 2017-18*. Amman, Jordan, and Rockville, Maryland, USA: DOS and ICF.
b) Investment incentives, especially at the startup phase to reduce upfront fixed costs, faced by entrepreneurs (expected to be women in their vast majority)

52. **Recent amendments to the labor law** are likely to increase the demand for childcare services. Article 72 states that employers whose employees, men and women, have 15 or more children below the age of five are required to provide childcare services either in the workplace or by utilizing services of childcare providers. The amendments -supported by the World Bank in the context of the second Development Policy Loan of June 2019- removed the gendered language putting a condition on the number of women, which should remove disincentives to hire women. Until recently, employers with at least 20 female employees who have 10 children under the age of four were required to provide child care services. Regulations should be issued in the near future to clarify the modalities of employer-supported child care provision outside the workplace. Mandating businesses of a certain size to provide child care to employees imposes a cost but also comes with business benefits including: improved recruitment, retention, productivity, diversity, and access to markets.

53. **Recent amendment to the social security law opens the door to subsidizing childcare services.** Article 42 of the law was amended allowing the Social Security Corporation (SSC) to use 25% of the maternity fund resources to maternity related social protection programs. The Ministry of Labor (MOL), and as part of its ambitious employment charter, is also planning to support employer-provided childcare through a grant covering capital expenditures and operational expenses.

54. **Home-based micro day cares or nurseries have the potential to provide child care services to a large portion of children.** For this, the businesses will require support and a proper regulatory framework to ease formalization and enforce good quality standards. Recently enacted regulatory frameworks allow the licensing of home-based businesses (HBBs) and the nurseries bylaw (number 77 for the year 2018) stated that regulations will be forthcoming on the operation of home-based nurseries. These regulations will likely cover, inter alia, the licensing process and requirements: the number of children allowed per caregiver, their ages and characteristics of the home. The MOSD, in collaboration with UNICEF, are considering quality standards of child care facilities, assessing the legislative burden of licensing imposed by other government agencies, and is considering the issuance of the instructions to license home-based childcare providers with the support of GIZ.

55. **In addition to creating jobs for women and increasing early childhood development, there are several motivations to expand childcare services.** These include supply deficiencies, especially when the supply of services is not reaching everyone. Low use of some households may be an indication of constrained supply, especially when compared to other countries. Additionally, service supply may be concentrated in certain geographical areas and may be focused on a specific group. Unmet demand is another motivation to expand childcare services including constraints about affordability, accessibility and types of services provided. Unmet demand is sometimes accompanied with parents valuing early childhood development as a tool to improve their children’s opportunities and outcomes. Design of the existing system is another motivation to expand childcare services especially if it restricts the expansion of private sector provision of services. Other characteristics of the system such as lack of public provision of current demand, limiting financing options and limited connections between prices and quality.

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47 Labor law number 14 for the year 2019.
49 Social security law number 24 for the year 2019.
50 Ibid.
56. A study will be conducted - through the Mashreq Gender Facility- to estimate the supply, demand and expectations of parents with the goal to inform the policies to be put in place to spur the supply to quality child care services. There is no data on childcare supply and demand in Jordan nor on expectations on prices and quality across different geographical locations in the country. The extremely low enrollment rate of children in nurseries may have several explanations. Studies in other countries indicated that the issue relates to lack of demand for services at existing price-quality structures.\textsuperscript{52}

Conducting a supply and demand assessment of services can answer a number of vital policy questions. These questions include: i) Why is the use of formal care services low? Is there an unmet demand for childcare or is low utilization a function of social norms and/or unwillingness of households to use childcare services? ii) What are the households’ expectations of childcare in terms of quality of standards? What is their willingness to pay for these services? iii) Why is the private investment in childcare low? What are the barriers to entry? What form (if any) could subsidies take? iv) What are the pros and cons of different models aiming at improving access to poor/middle class households? What are some of the current constraints that impede the development of such models?

Theme: Women economic empowerment and social norms

57. In the MENA region the prevalence of traditional gender norms regarding the role of women in the family and society, contribute to the low levels of participation in economic and political spheres. The World Value Survey shows that a majority of respondents support attitudes that reinforce traditional roles for women and that restrict their access and participation in different spheres of life.

58. In the case of Jordan, there is a strong case for women to work as 79 percent of Jordan women think work is important or very important in life, and over 60 percent of women believe that having a job is the best way for a woman to be an independent person. However, only 44 percent of men agree with the latter statement, and over 80 percent of both women and men agree that for women, being a housewife is just as fulfilling. In addition, the large majority of men and women agree that “when jobs are scarce, men should have more right to a job than women”, and around half of all men and women agree with the statement “If a woman earns more money than her husband, it’s almost certain to cause problems”. These findings are consistent with qualitative literature on how social and cultural norms impacting the multiple dimensions of women’s lives. For example, in Jordan, families more often reserve their wasata (special connections) to help their educated sons, rather than their educated daughters, to secure good jobs. It is critical to consider the complex system of social norms involving the household and extended family that contribute to low rates of women economic participation when identifying and implementing solutions to overcome these constraints. Individual beliefs of Jordanians, men and women, are more progressive than what they expect society’s beliefs to be, when it comes to women’s employment.

59. Women want to work, society is favorable to women working but individual perceptions overstate society’s pressure on women. A recent World Bank study showed that over 96% believe it is acceptable for women to work, though slightly fewer believe it is acceptable to work outside the home, whereas the same respondents expect one third of society to find it unacceptable for women to work, both in and outside the home. The study confirmed that 60% of non-working women actually want to work.

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54 This section is an extract from World Bank 2019, Improving Women Economic Opportunities. Select Entry Points for Policy Dialogue and Operational Interventions.
58 More than 24% of these had in fact inquired about working within the last six months. Some 17% of non-working women had worked at some point in the past. Among all respondents, only 3% said they were opposed to women working; and only 15% were opposed to women working outside the home.
60. However, marriage lowers the acceptability of women working (72% believe it is acceptable), especially for male respondents, and work hours and younger children also pose barriers, as indicated by the blue line (personal belief) in Figure 5. More than half, 54% of individuals responding to the survey, believe it is acceptable to leave a child with relatives, but they believe that the child needs to be at least 4.5 years old before his or her mother can work. Less than 26% of respondents believe it is acceptable for married working women to return home after 5 PM. Only 38% of respondents believe it is acceptable for women to work in mixed-gender workplaces, with men being more conservative than women. About 44% believe that working women are exposing themselves to harassment, and 35% believe that working women are risking their reputation by working. Half of respondents are expected to find it unacceptable for women to work in mixed gender environments. Aside from financial status, 70% percent of respondents believe families of working women have financial needs and 75% expect most other people to think that working women’s families have financial need. Around a quarter expect most people to think of working women’s families as less traditional and their husband’s to not be in charge or not be able to provide (32%). Women have slightly more conservative expectations of what others think, relative to counterparts.

Figure 16. How social norms affect women’s economic opportunities in Jordan
“Is it acceptable for a woman to work?”


61. The study shows that there is space to change restrictive norms (Figure 14). As mentioned, the large majority of individuals hold the personal belief (blue line) that it is ok for women to work, but less than half the people consider it ok for women to work in mixed gender environments or to come home after 5pm. This trend is similar to what people see others doing (Social Empirical Expectations, green line), with the large difference that only about half of the people see women in their community work, and only 1 in every 4 people see women leave their children with relatives. What people believe others expect them to do – the social normative expectations (orange line) – is fairly steady. This implies that the most important entry points to change behaviors and attitudes may be to identify and show more women working as role models in the communities.

62. The social norms survey suggests that the binding constraints for women’s employment are related to stringent social norms, lack of child care, limited work flexibility and/or part-time work, hiring and wage discrimination, limited job growth, lack of adequate public transportation particularly in rural
areas, and scarcity of attractive job opportunities in addition to lack of jobs in the public sector.\textsuperscript{59} A previous survey especially highlighted lack of affordable child care and social views about suitable jobs for women as significant constraints.\textsuperscript{60}

**Theme: Improving export competitiveness**

63. The World Bank conducted a Diversification and Upgrading Rapid Assessment (DURA)\textsuperscript{61} to provide Jordanian policy makers with a mean to compare the export potential of the different sectors under consideration. The assessment quantifies the domestic value added (DVA) that potential exports would contribute to the Jordanian economy. The results are not intended to provide an absolute number of potential exports, but to allow the comparison across different options, using similar scenarios. The assessment relied on international trade data analysis, as well as field investigation that consisted of interviews and observations to validate the results.

64. The results of this assessment reveal the untapped potential of the agricultural sector in Jordan. With proper post-harvest handling, including cold chain logistics, and advanced agricultural techniques, agricultural sector’s contribution to GDP could increase, helping to bolster economic growth and job creation for both Jordanians and Syrian refugees living in Jordan. Developing the agricultural sector in Jordan will not only increase jobs in farms, but also increase employment in sectors linked to farming such as transport, processing, logistics handling, packaging and marketing.

65. The DURA\textsuperscript{62} has revealed that integrating Jordan into a fresh value chains could help expand the economic pie, while creating job opportunities for Jordanians and Syrian refugees in farms and in advanced services sectors that support them. But more importantly, the Connectedness (improved logistics, reduced trade restrictions and trade in logistics services), the Capabilities (new skills, new technologies, increased digital readiness) and Competitiveness (new business models and increased productivity), are the three pillars that can help Jordan prepare for the 4th Industrial Revolution.

66. Exports of fresh agricultural produce have a high growth potential as Jordan is currently exporting agricultural produce below its potential value. They stand at USD 550 million representing 6.5 percent of Jordan exports. Beyond their gross value, these exports have a high net export value i.e. a high domestic value added as they do not require a large share of imported inputs. Yet, they have even greater growth potential (in terms of their value) if sorted, handled, packaged and transported properly to export markets. Currently, Jordan fares poorly on related indicators in the Logistics performance index (LPI), including a 3.18 (out of 5) for timeliness, 2.77 for tracking and tracing, 2.55 for logistic competence, 2.44 for international shipments, 2.72 for infrastructure, and 2.49 for customs. Such outcomes directly affect the ability of farmers to competitively export fresh agricultural products. Improvements in fresh exports will require addressing the private sector’s coordination failures by working with both farmers, third-party logistics providers and the suite of complimentary public services.

67. In light of these findings, the GoJ committed to develop the competitiveness of fresh agricultural produce through a series of Competitiveness Reinforcement Initiatives (CRI). These CRIs were initiated by the Ministry of Planning and International Cooperation in January 2020, with support

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\textsuperscript{61} Jordan Economic Monitor Note Fall 2017. Special focus: Quantifying Diversification Strategies for Jordan.

\textsuperscript{62} Jordan Economic Monitor Note Fall 2017. Special focus: Quantifying Diversification Strategies for Jordan.
from World Bank technical assistance and the Dutch-funded PROSPECT initiative\textsuperscript{63}. A series of counterparts from various ministries – including the Ministries of Planning, Agriculture, and the National Agricultural Research Center, which is under the purview of the Ministry of Agriculture – will constitute the Competitiveness Task Force (CTF), which will carry out the CRIs. These CRIs are planned to intertwine intensive \textit{industry analysis}\textsuperscript{64} with an inclusive \textit{public private dialogue} (PPD) approach. Such PPD should facilitate an inclusive interaction between the public and private sector. The dialogue mechanism should leverage various channels – including workshops and working groups – to make sure that the industrial analysis is both informed and properly debated among local actors\textsuperscript{65}. Such CRIs are typically sequenced over three phases involving: 1) an initial factfinding and stakeholder engagement stage, 2) the collaborative development of a market strategy, and 3) the joint definition for a set of actions that could help realize that market strategy. This process is carried out in sequence to initiate strategic shifts in the public and private sector’s behavior.

68. The objectives of these steps are thus twofold; to improve the business model of beneficiary firms, and to identify a set of sector-specific enabling reforms and investments. For the participating private sector firms, CRI efforts will focus on moving firms to more attractive markets by developing the skills and value chain activities that could help them better compete. For the public sector, CRI efforts will help in identifying the necessary government reforms and potential market failures that constrain the private sector’s competitiveness and evolution.

69. When several CRIs are conducted in parallel (and in a recurrent way), they can help refine and better target cross-cutting national level policies for private sector development (e.g. skills, infrastructure, etc.). The CTF will thus be tasked with conducting several CRIs per year, over 3 years. The first set of CRIs will be regionally conducted in the Mafraq area and in the Jordan Valley. Through such CRIs the project will better support the competitiveness enhancements of these sectors by increasing exports and jobs.

70. With the COVID-induced economic crisis, there might be opportunities to reposition Jordanian exports. While the cards are being reshuffled in export markets and value chains are being reconfigured and shortened, Jordan may have an opportunity to increase its export market share in GCC markets, which this component and its associated TA (Competitiveness Reinforcement Initiative) could support.

71. The main actions under this DLI involve the implementation of structured public private dialogs that organize competitive clusters of farmers and service providers. These service providers can range from smart irrigation services to third party logistic services which arrange the sorting, grading and packaging of fresh produce for cold chain storage and transport. These actions will be led by the Competitiveness Task Force under the supervision of World Bank technical assistance. In parallel to these efforts, the government will also take actions in order to protect Jordan’s water resources. Specifically, the Ministry of Agriculture, in coordination with the Ministry of Industry and Trade, will assess all support mechanisms to agricultural products. This assessment will be presented to Cabinet, which should produce and adopt a strategy rationalizing these support mechanisms towards the most water-efficient crops.

\textsuperscript{63} World Bank technical assistance efforts will focus on building the capacity of the CTF, by training and coaching.

\textsuperscript{64} A CRI’s analytical workstream should entail an examination of the evolution of industry structure in the identified sectors. The analysis should make use of Porter’s five Forces in order to identify new Strategic Segments in which a country’s firms could maintain or develop a competitive advantage, in order to compete in regional or global markets. Strategic Segments understood as combinations of product/services and markets/users that have different 5 forces and will require different value chains to be served.

\textsuperscript{65} In this role, the CRI should utilize management techniques to avoid capture by any group or constituency.
Jordan ranks as the world’s second water-poorest country, with less than 100m3 of annual renewable water resources is available per person (below global line for absolute water scarcity of 500m3). Jordan is composed of 15 surface water basins and 12 groundwater basins. Out of the 12 main basins underlying Jordan, 10 basins are being depleted beyond their recharge volumes. The shared water is around 40% of total water resources. Sources of water are: 27% surface water, 14% treated waste water and 59% groundwater. The number of working wells in Jordan exceeds 3211 wells. The groundwater level in the main aquifers drops at a rate of 2 meters per year but the decline in some depleted areas reaches 5 to 20 meters. The quantity of over pumping from groundwater is about 200 MCM. About 52% of available water is used in Agriculture, 46% of which is groundwater sources. About 94.3% of water sources are described as “safely managed” and 95.4% of population are connected to piped water supply in urban areas and the percentage is 89.6% in rural areas. The increase in demand for Domestic water in the northern governorates has increased by 40% in the last few years as a result of hosting Syrian refugees. About half of the Jordanian population has 24 h/week of piped water supply or less and 49.7% of Jordanians were listed with higher than 24 h/week of water supply. About 90% of the drinking water supplied to the Capital comes from sources of a distance between 125 - 325 km away and elevate up to about 1200m with 5 pumping stages. 42 % of the drinking water supplied to Northern governorates comes from sources of a distance between 20 - 76 km away and elevated up to about 1200m with 4 pumping stages in elevation (i.e. higher cost for water supply). The estimated non-revenue water is 48% in 2017 comparing to 43% in 2010; it is divided to more than 50% as administrative losses and less than 50% physical losses from the networks. About 67% of households are connected to sewer connection; while only 69% have a sewer connection in rural areas. This fact is important to be able to recycle the water and use it in agriculture in lieu of fresh water and optimize its use.

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67 Ibid.
Figure 18. Envisioned value chain for fresh agricultural produce

Jordan Valley

- Desalination
- Hydroponics
- Uber Cool
- Preparation
- Retail trays

- Road transport

Imported refers by sea

- Ripening chambers
- Preparation in trays
- Logistics consolidation
- Shipping by truck (GCC) and air (Europe)

Dubai (GCC markets)

- Sales agents
- Customs clearance
- Direct Delivery
- Supermarket

Rotterdam (EU markets)

- Sales agents
- Customs clearance
- Direct Delivery
- Supermarket