PHENIX CENTER FOR ECONOMICS AND INFORMATICS STUDIES

The preparation of this report on informal work in Jordan is part of the third Arab watch report on economic and social rights, which addresses the phenomenon of informal labor, with a focus on the rights of workers in this economy. This comes in the context of the expansion of the informal economy, including Jordan, where the informal economy has expanded remarkably over the past few decades as an expression of the expanding informal sector. These policies, which have weakened the ability of national economies to generate adequate and decent jobs in the formal economy. This went hand in hand with a decline in the various indicators of economic, social, political and cultural human rights, as well as deepening the levels of social inequality. The report analyzed the reality and development of informal labor in Jordan and monitored and analyzed various public policies that contributed to the expansion and/or treatment of informal workers in Jordan, as well as the measures taken by the government with this labor, as well as a number of recommendations that would promote the economic and social rights of informal workers, and enable them to enjoy the known decent work standards. According to the International Labour Organisation, the informal economy refers to “all economic activities by workers and employers that are not or not effectively covered or insufficiently covered by formal arrangements. Their activities are not included in the law, which means that they are operating within the informal sector of the economy, or they are not covered in practice, which means that – although they are operating within the formal reach of the law, the law is not applied to them, as in the case of the large number of workers who have to earn a living by selling products on the streets, working in the green economy. However, large groups of informal workers to defend their interests, thereby depriving hundreds of thousands of workers, especially those who are not organized, of their rights. It is clear that such groups contribute effectively to law enforcement and to the detection of violations. The same applies to the Social Security Law, which did not establish an appropriate mechanism for the involvement of workers in the social security system, and the only options available to them by law are limited to the so-called voluntary participation. It is clear that workers, whose earnings are not more than 15% of their salary as a social security contribution, knowing that this high rate prevents their participation. On the ground, as a result of the failure to improve these indicators for many years, as well as the loose enforcement of the law, many informal workers do not exercise their right to social security, making them vulnerable to the effects of poverty, as well as the lack of access to the social security benefits they are entitled to. The government in Jordan has encouraged unemployed people to set up small and micro enterprises by granting them loans directed to the informal sector, which is clear from the fact that practicing any available job is encouraged.

In order to understand the situation of the labor market in Jordan and its development dynamics, it is necessary to take into account the very high population growth rates. The population jumped from 5.5 million in 2014 to 8.8 million in 2016, with an annual growth rate of 5.3%, leading to a large number of new entrants into the labor market, especially young women and men who are seeking jobs to migrate from various regions to these governorates, particularly to Amman in search of economic and social opportunities. The concentration of the business sector in few cities, mainly in Amman, al Salt, Zarqa and Irbid governorates, accounts for 81% of the total jobs created. As a result, the unemployment rate increased during the past years at a high rate, reaching 15.8% in 2016, while in 2007 it was 13.1%. As noted in Table (4), the unemployment rate and economic growth are very high, reaching 2.8% in 2016 compared with 13.8% for men. The independent union of construction workers was founded in 2005, and the government is making efforts to concretize the labor market, whether employed in the formal or informal economy. They are deprived of trade union organization and collective bargaining. Only 1% of all workers are organized; they are the social group with decent working conditions. In addition, low wage levels are among the most important challenges. The labor market in Jordan is divided into various formal and informal workers, especially in the informal labor. This is creating a pressure on wages and informal work, especially in the public sector. In Jordan, the majority work on a daily and seasonal basis. Therefore, there is no employment stability. Those are highly present in the services and construction sectors. The working conditions, especially in agriculture, where the wage rates in Jordan for men are 427 dinars per month and for females 437 dinars per month. In addition to the clear wage gaps, workers prefer to work in favor of males, this level of wages is very low, compared to absolute poverty levels in Jordan. The official figures dealing with poverty levels in Jordan as of the second quarter of 2015, the rate of poverty was 31.3% of the standard family of 5. It has increased to 360 dinars per month. Large segments of the waged workers, especially in the informal sector, receive minimum wages, which are far less than the minimum wages, especially among female workers in the professions of nurses, farmers, and women in beauty salons and support health professionals. None of the informal workers enjoy any form of social protection and social security. Informal workers also face other violations such as the non-application of labor legislations, regulations and informal legislation of the informal labor market. It is clear that the informal labor market management through trade union organization, is limited to an informal basis, directed to the informal economy. The framework emphasized a set of principles which included respect for the rights of individuals, families and groups to engage in economic and social activities, and respect for basic labor rights for all workers, including those in the informal economy. The framework also identified a range of areas intended for the transformation of the informal economy, which were intended to promote the informal economy, and improve labor market management through trade union organization and social dialogue on working conditions, as well as to expand social protection (social security). However, since its inception three years ago, the framework has not been systematically and clearly implemented, with the exception of campaigns by the Social Security Corporation to expand the social security system, and the government’s numerous attempts to establish trade unions over the past five years for some workers in sectors of high informal economic activity, as well as the independent union created in 2012, continues to operate until now. All its members are informal. They have carried out many protest movements to defend their interests, the most important being their adherence to social development of informal labor.

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GENERAL POLICIES AND INFORMAL LABOR

There are many policies and legislation that have led to the expansion of the informal economy and labor, foremost of which is the expansion of the informal sector, which included many categories of workers, such as the employers’ family members who work in its projects without pay. It also excluded the government’s policy in amended in 2010 to include domestic workers, cooks and agricultural workers, which was linked to issuing regulations for the protection of workers, excluding many sectors for regulation for agricultural workers was not issued. These policies have led some 60,000 agricultural workers, mostly women, from working on family farms to working on various labor, including social protection. In addition, the Labor Law places severe restrictions on waged workers to form their own unions, which made it difficult for informal workers to defend their interests, thereby depriving thousands of workers, especially those who are not organized, of their rights. It is clear that these laws contribute effectively to law enforcement and to the detection of violations. The same applies to the Social Security Law, which did not establish an appropriate mechanism for the involvement of workers in the social security system, and the only options available to them by law are limited to the so-called voluntary participation. It is clear that workers, whose earnings are not more than 15% of their salary as a social security contribution, knowing that this high rate prevents their participation. On the ground, as a result of the failure to improve these indicators for many years, as well as the loose enforcement of the law, many informal workers do not exercise their right to social security, making them vulnerable to the effects of poverty, as well as the lack of access to the social security benefits they are entitled to. The government in Jordan has encouraged unemployed people to set up small and micro enterprises by granting them loans directed to the informal sector, which is clear from the fact that practicing any available job is encouraged.
security. The union of male and female agricultural workers was established in 2015, and all its members are male and female informal workers (the vast majority are women). The union has been working since its establishment to pressure the government to issue a special regulation guaranteeing its inclusion in the Labor Law.

**RECOMMENDATIONS**

The following is a set of recommendations that I believe would reduce the spread of the informal economy and labor, and mitigate the violations and vulnerability to which informal workers are exposed:

- Implement the national framework developed by the government in collaboration with the International Labor Organization and social partners for the transition to the formal economy in 2014;
- Review the economic model applied in Jordan, based on the human rights perspective and protecting the interests of all parties;
- Stimulate the national economy by encouraging investment in labor-intensive productive sectors to alleviate unemployment and generate adequate and decent job opportunities;
- Stimulate the business environment to encourage the expansion of the formal economy by facilitating the establishment of workers’ institutions and reducing tax burdens;
- Review and link educational policies to labor policies and labor market needs;
- Re-enact the provisions of article 3 of the Labor Law so that all waged workers are covered by the Labor Law, and that agricultural and domestic workers are not linked to special regulations;
- Review article 98 of the Labor Law, so that all restrictions limiting the establishment of trade unions for all workers in Jordan are removed;
- Review the mechanisms of involving employees in the Social Security Law, in a way to facilitate their involvement at a lower and affordable cost, with a view to providing social protection;
- Activate Labor Law enforcement processes to ensure that all labor standards are applied to all waged workers in Jordan;
- Activate the enforcement of the Social Security Law to ensure that it applies to all waged workers in Jordan;
- Activate the application of health insurance in the social security system at reasonable costs to employees and employers;
- Review wage policies in order to raise the wages so that employees do not have to work in other jobs.