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PROSPECTS



▶ Opportunities for extending social security coverage in Jordan

ILO Regional Office for
the Arab States

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Introduction

The Jordanian government has been working to expand social security coverage of its workforce. In the context of the National Social Protection Strategy, the Cabinet has committed to developing an action plan to reduce informal employment (including employment relationships that are not subject to national labour legislation, not covered by social security or for which there is no contract), and the Social Security Corporation has committed to operationalizing mechanisms to expand social security coverage. Already, the Social Security Corporation has expanded registration to approximately 15,000 workers through its COVID response.¹

Successful achievement of its goal, fiscally and politically, will require tailoring policy actions to the unique characteristics of the Jordanian situation, which is distinct in many ways from the global norm. Globally, lack of social security coverage is associated with self-employment and daily wage labour, and this often impacts rural residents and women disproportionately. In Jordan, however, most of the workers lacking coverage are employees in long-term employment arrangements, most are urban, and most are male – characteristics that reflect Jordan’s economy as a whole.

Well-designed social protection systems, including floors, support sustainable incomes, consumption, human capital and productivity. Sustainable Development Goal (SDG) 1.3 recognizes the direct link between increased coverage and poverty reduction. Social Security (Minimum Standards) Convention 102 sets out minimum standards for social security agreed between representatives of the world’s governments, employers and workers. The ILO’s normative framework was recently complemented by the Social Protection Floors Recommendation 202, which provided guidance as to how to pursue the universal extension of coverage, through the establishment of national social protection floors for persons in need. Recommendation 204 on the Transition from the Informal to the Formal Economy places the extension of social security as the core component of integrated policy frameworks to facilitate transition. Policy and administrative reforms that extend access to social protection among workers falling outside social insurance and social assistance programmes can help move Jordan closer to universal social protection coverage.

This report aims to support Jordanian policymakers by analysing the main constraints to social security coverage and outlining a range of policy actions that can address those constraints.

The report was developed under the framework of the “Partnership for improving prospects for forcibly displaced persons and host communities” (PROSPECTS), which is funded by the Government of the Netherlands. The partnership brings together the International Labour Organization (ILO), the International Finance Corporation (IFC), the UN Refugee Agency (UNHCR), the UN Children’s Fund (UNICEF) and the World Bank to devise approaches for inclusive job creation, education and protection in the context of forced displacement across eight countries in East and North Africa and the Arab States.

¹ The ILO conducted a separate analysis of social security gaps and responses in the wake of COVID-19 government response measures. This analysis is available upon request.

Section 1 highlights key concepts used in the report. Although the concepts are familiar to most readers, we include this section to ensure clarity, given the lack of standard terminology.

Section 2 summarizes statutory (de jure) coverage of social security within the Jordanian regulatory framework.

Section 3 analyses characteristics of workers who lack coverage in reality (de facto) and explores the extent to which lack of coverage is due to regulatory (de jure) gaps versus challenges related to compliance and enforcement.

Section 4 develops a practical typology that can guide efforts to expand coverage in Jordan, based on common reasons for lack of coverage internationally and a summary of the main characteristics of workers lacking coverage in Jordan (from Section 3).

Section 5 examines specific issues related to the agriculture sector. In addition to providing a case study, analysis of the agriculture sector is useful because it encompasses many of the challenges that appear to lesser extent in other sectors.

Section 6 outlines a range of policy approaches for consideration among stakeholders. The section begins by providing a typology of the main challenges in Jordan, then international experiences that may be usefully adapted to the Jordanian context.

Section 7 concludes and recommends practical next steps that the Jordanian government can take towards its goal of expanding coverage.²

² Annex 4 contains additional tabulations that may be useful to policymakers in choosing among options and further refining them.

Section 1. Key concepts

This section describes key concepts and definitions that are used throughout the report.

Coverage of social security

This report is concerned with the extension of social security coverage. The goal, in this regard, is increasing the number of workers who are covered by social security and reducing the number of those lacking coverage. Crucially, we will distinguish between the extent of coverage within existing regulations (*de jure* coverage) versus the extent of coverage in reality (*de facto* or effective coverage).³

The term “coverage” is sometimes used in reference to the comprehensiveness and adequacy of coverage. “Comprehensiveness” refers to the areas and specific programmes. In this report, we focus on the comprehensiveness of programmes within the mandate of the Jordanian Social Security Corporation. The adequacy of coverage refers to the adequacy of protection, such as the minimum pension relative to the poverty line (ILO, 2019b).

Although our focus is on the extent of coverage, the section on policy approaches also considers comprehensiveness and adequacy of coverage, insofar as they impact the extent of coverage. For example, where public budget is limited, there may be a trade-off between the *extent of coverage* (the number of workers benefiting from the programme) versus the *comprehensiveness and adequacy of coverage* (the range of programmes included and the generosity of the benefits). Three dimensions – universal coverage, comprehensiveness and adequacy – are also reflected in the ILO Centenary Declaration for the Future of Work 2019.

Employment status

A person is considered *employed* if they performed any type of work during a specified period of time. For convenience, we use the term *worker* to refer to persons who are employed.

The concept of *employment* includes four categories (referred to as *employment status*):⁴

- An **employee** is “a person who performs a job against wages and is subordinate to the employer and at his service”. Note that the arrangement between the employee and the employer can be implicitly understood; it does not need to be codified in a written contract.
- An **employer** is “a natural person or corporate body that employs, in any capacity whatsoever, a person or more against wages”. Employers’ remuneration is directly tied to profits.

³ For further detail on the extent of coverage in countries around the world, and statistical definitions for the different types of coverage, please refer to the ILO World Social Protection Report: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_604882.pdf

⁴ In common usage, the term “employment” is sometimes used to refer specifically to work of employees. This report is not limited to employees, so it is important for us to be more rigorous, noting that an “employee” is only one of several categories used to define employment status. Note that the ILO includes “members of producers’ cooperatives” as a fifth category. Because this category is not used in the Jordan Labour Law, we do not address it separately. Also note that the Jordanian Department of Statistics includes “paid trainees” as a fifth category. Because a very small share of employed persons in Jordan fall into this category, we do not address it separately from the category “employee”.

- An **own-account worker** is like an employer, in that their remuneration is directly tied to profits; however, unlike an employer, an own-account worker does not have employees.⁵ In this report, own-account workers are a category separate from employers, in line with Department of Statistics classifications.
- A **contributing family worker** refers to “family members of the employer who are engaged in his project without pay”.

Although the principles underlying these four categories are simple, their application in practice is often controversial, particularly the distinction between an employee and an own-account worker.⁶ ILO Employment Relationship Recommendation No. 198 provides further clarification in this regard. While the Recommendation does not define the employment relationship, it encourages members to define clearly the conditions (factors) applied to determine the existence of an employment relationship, listing two such examples: subordination and dependence. Additional factors are used in many countries to determine an employment relationship. Some of the more common factors used include the level of subordination to the employer, whether work is for the benefit of another, and whether it is under instruction (ILO, 2020).⁷

Professional consultants, providing services to many different clients, are clearly own-account workers. The key factors defining an own-account worker are payment by many different entities, and independence in how the work is carried out. The appropriate term describing day labourers is less clear, and it is common for employers to define their status wrongly, in order to avoid paying contributions.

Ultimately, the definition of employee is primarily a matter of labour law. The responsibility of defining clear criteria for categorizing the nature of employment falls primarily on legislators and regulators. Social security legal frameworks usually use the labour law categories but cannot redefine them, hence the need for close coordination across labour and social security legislation.

Informal employment

Informal employment is related to the lack of social security coverage, but the terms are not synonymous. Conceptually, informal employment refers to jobs that are outside the framework of regulations, either because the establishments in which the jobs are located

⁵ The term “own-account worker” is not used in the Jordanian Labour Law. The Department of Statistics, however, distinguishes between own-account worker and employers.

⁶ The concepts of employment and establishment are interrelated. All types of workers are associated with establishments – either an enterprise or a household. Employees receive wages and are subordinate to the establishment. Employers and own-account workers are also associated with an establishment, but their remuneration is tied to the establishment’s profits rather than being fixed as a wage. And, where the establishment is an enterprise, employers and own-account workers are often the owners as well. Contributing family members perform work for an establishment but do not personally receive remuneration. An establishment is defined as a “body that provides services or operates in the production or distribution of commodities”. An establishment can be either an enterprise or a household. An enterprise refers to an organization (body) that exists for the purpose of production, the distribution of commodities or provision of services. Note that the definition of enterprise is based on its function rather than its legal or tax status. A household can also be an establishment, although it has other purposes as well. Households are relevant to employment in either of two ways: by producing goods exclusively for their own final use, and by employing paid domestic workers. The ILO uses the term “production unit”, which we consider to be synonymous with “establishment”.

⁷ For practical purposes, regulatory definitions have been useful. In Italy, for example, inspectors use ownership of equipment as a proxy for independence of workers. In some other countries, workers are considered to be employees if they earn the majority of their income from a single entity.

are not registered, or because the jobs are unprotected by labour and social security legislation.⁸

For practical reasons, informal employment is defined differently for different types of employment (employment status). In Jordan the official statistical definitions of informal employment are as follows:⁹

Table 1. Statistical definitions of informal employment used in Jordan

Employment status	Definition of informal employment
An employee is in informal employment	...if the employer does not pay social security contributions on the worker's behalf. (Note that employees can be in informal employment even if the enterprise where they work is formal/registered.)
An employer is in informal employment	...if the establishment is in the private sector or is household-based, and if it is not registered with the commercial registry. (Note that all employers in the public sector or in international organizations are considered to be in formal employment.)
An own-account worker is in informal employment	...if the establishment is in the private sector or is household-based, and if it is not registered with the commercial registry. (Note that all own-account workers in the public sector or in international organizations are considered to be in formal employment.)
A contributing family worker is in informal employment	...in all cases (by definition).

Temporary employment, absence of a written contract and size of the establishment are often correlated with informal employment but are *not* defining characteristics. In other words, employees in temporary employment, who lack a written contract and who work in very small establishments, are covered de jure by social security but may nonetheless be in informal employment. Nevertheless, because informal employment is based on de facto (rather than de jure) coverage, a significant share of employees with these characteristics are in informal employment.

⁸ The term "informal economy" refers to all economic activities (by any category of employed person and any category of establishment) that are not covered or insufficiently covered de jure or de facto by formal arrangements. Within the informal economy, the terms "informal sector" and "informal employment" are distinct concepts. The informal sector is an establishment-based concept, referring to "a subset of unincorporated enterprises not constituted as separate entities independent of their owners, typically operating at a low level of organization, on a small scale and with little or no division of labour and capital as factors of production". Informal employment is an employment-based concept, referring to the terms of the employment relationship and protections associated with the employment. For more information on definitions of informality, consult ILO (2018).

⁹ The Jordanian Department of Statistics developed the definitions of informal employment in consultation with the ILO. The table provides a summary of definitions. The full definition is provided in Annex 1.

Section 2. Statutory coverage of social security in Jordan

This section outlines the legislative framework providing legal (de jure) coverage for the schemes that fall under the mandate of the Social Security Corporation, including:¹⁰

- old-age, disability and death insurance (including regular old-age pension, early old-age pension, lump-sum, disability pension and survivors' benefits);¹¹
- work injury insurance (medical expenses, injury allowance, disablement pension and death benefit);
- maternity insurance;
- unemployment insurance.

The legislative framework for employment-related social protection also includes provisions outside the Social Security Corporation, such as employer liability schemes, health insurance and some non-contributory programmes: these are described in Annex 2. The interested reader may also want to refer to Annex 3, which outlines key international conventions and Jordan's statutory coverage in that context.

Statutory coverage of employees

The Social Security Law (No. 1 of 2014) requires coverage of employees "without any discrimination as to nationality, and regardless of the duration or form of the contract" and regardless of the number of employees in the establishment. Only a few categories of employees are excluded from mandatory (de jure) coverage.¹² Employees working fewer than sixteen days in any given month are exempted under Article 4.¹³ Requirements for coverage of most agriculture workers is ambiguous because laws regulating employment in agriculture have not yet been issued.¹⁴ Some categories of agriculture workers, however, are explicitly included in mandatory (de jure) coverage: (i) managers in registered enterprises and (ii) agronomists, veterinarians, agriculture workers in public institutions, technical workers on agricultural machinery and in nurseries, hatcheries, fish and beekeeping farms

¹⁰ The Social Security Law (No. 1 of 2014) also authorizes the Social Security Corporation to operate a health insurance programme, but that has not yet been implemented.

¹¹ Some categories of participants in the old-age, disability and death programme may opt for a lump sum benefit from the SSC in lieu of a monthly pension. For example, non-Jordanians who leave the country permanently and women upon marriage may opt for a lump sum. Workers who have not completed the required number of contributions automatically receive a lump sum benefit from the Social Security Corporation. See Article 104 of Social Security Law 1 for 2014.

¹² Additional categories are excluded from mandatory coverage, including civil servants and military staff who hired prior to the merging of the social security programme.

¹³ The Flexible Work Regulation No. 22 for 2017 and Executive Instructions for Workers in Flexible Work allow employers the option of covering employees who work between 48 and 127 hours per month and who have a written contract as specified in the regulations and instructions. Draft instructions developed by the SSC provide for mandatory coverage of part-time workers in social security, on the basis of pro-rata coverage, and are pending internal approval. Article 4 indicates that day, hour, piece, shipment labourers or the like who work 16 days or more in any given month are subject to the law, regardless of the number of working hours, pieces or shipments per day.

¹⁴ The Social Security Law applies to "all labourers subject to the valid in force provisions of the Labor Law" (No. 1 of 2014). Further more, "Agricultural and domestic workers, cooks and gardeners, as well as assimilated persons, are covered under by-laws to be issued for this purpose. Such text shall regulate their contracts, rest hours, inspection and any other issues concerning their employment." (Law No. 48 of 2008 amending the Labour Code). The by-laws mentioned in the labour code, for agriculture and domestic workers, cooks and gardeners have not, however, been issued as of the beginning of 2020.

(based on their coverage under Law No. 8 of 1996).¹⁵ A recent by-law gives employers new approaches for coverage of agriculture workers, but does not change the requirements for coverage of agriculture workers. Social security coverage is not required for domestic workers.¹⁶ Regulations governing employment in domestic work requires employers to obtain insurance providing medical care for hospitalizations, lump sum benefits for permanent disability from an accident and lump sum survivor benefits in case of accidental death.¹⁷

Statutory coverage of own-account workers, employers and contributing family workers

Own-account workers, employers and contributing family workers may obtain coverage from the Social Security Corporation if they wish, through the “voluntary programme” if they are Jordanian. The voluntary programme includes old-age pension, disability and death insurances. Against this general backdrop, two points are worth noting.

- In 2020, the SSC adopted a bylaw to the Social Security Law that made coverage mandatory for self-employed workers in the agriculture, construction, transport, tourism, public service and maintenance and art and media sectors. The bylaw allows for full coverage for Jordanians and non-Jordanians in the case of short-term benefits and partial coverage for long-term (retirement), benefits depending on reduced rates of contributions chosen by worker. For non-Jordanian workers this applied to flexible-work permits. At the time of this report, internal regulations to bring effect to the bylaw had not yet been issued by the SSC.
- The Ministry of Interior and Trade formally requires own-account workers to register their businesses or operations. The Social Security coverage by-laws require all registered businesses to register in all branches of social security. This would render voluntary coverage for own-account workers redundant, but SSC and MOIT regulations appear to lack coordination in this respect.

Statutory coverage of non-Jordanian workers

As indicated earlier, non-Jordanian employees are treated identically to Jordanian employees with regard to mandatory coverage. Non-Jordanian own-account workers, employers and contributing family members, however, are not required to be covered and – in fact – are unable to obtain coverage as they are not eligible to enrol in the voluntary programme.

¹⁵ Because of this defecto exclusion for lack of the aforementioned by-laws, Article 3 of the Labour Law (No. 8 of 1996) does not apply to “agricultural employees.”

¹⁶ The new by-law allows employers to increase the *extent of coverage* but to reduce the *scope of coverage*. The 2019 [Bylaw Excluding Some Firms from the Coverage of Old-Age Insurance for Some Workers](#) gives employers the option of providing coverage to Jordanian employees in newly registered establishments of not more than 25 employees. (This could potentially increase the categories of workers who are covered, e.g. the extent of coverage.) At the same time, employers have the option of excluding old-age pension coverage for the same groups, including those who are already covered *de jure*, based on Law No. 8 of 1996. (This could potentially reduce the types of benefits received by those workers, e.g. the scope of coverage.) In practical terms, the new by-law is unlikely to increase the extent of coverage, because it does not require employers to do so.

¹⁷ By-law “Regulation of Domestic Workers, Cooks, Gardeners and Similar Categories” of 2009 and “Instructions for Insurance Policies for Domestic Workers” of 2015.

Section 3. De facto coverage of workers in Jordan¹⁸

In this section, we identify the characteristics of workers who lack social security. Our focus is on identifying workers lacking (de facto) coverage, because those are the ones who would need to be targeted by any efforts to expand coverage. De jure (or statutory) coverage is described in the previous section. When considering the exclusion of most employees working in agriculture and those working for households, 26 per cent of unregistered workers operate in sectors that are excluded from the scope of legal coverage, while 41 per cent of employees working in sectors that should be covered de jure are not registered with SSC. This figure includes employees, own-account workers, employers and contributing family workers.

In order to understand what drives lack of coverage and to identify suitable policy approaches, we address the following characteristics of each individual's primary employment:¹⁹ status; sector and occupation; contract type and duration; nationality and gender of worker; economic class (for instance, per capita consumption decile) and education of worker; and geographic location (for example, governorate).

How to read and interpret the results in this section

The characteristics of those who lack coverage needs to be analysed in line of two factors: the coverage rate among groups with common characteristics; and the relative size of the groups. While categories of workers with common characteristics (such as agriculture daily workers) may only represent a small number of all workers who lack coverage, these figures have to be considered next to the size of the categories represented amongst all workers in Jordan. For example, 97 per cent of workers in agriculture lack social security coverage, but only 7 per cent of employees lacking coverage work in agriculture. At first glance this number may seem surprisingly low, but it is a consequence of the relative size of the agriculture since only a very small share (4 per cent) of the labour force works in agriculture. In the paragraphs that follow, we include information on both aspects: coverage rates within different categories of workers as well the composition of workers who lack coverage. The interested reader can find additional detailed data on coverage rates in Annex 4.

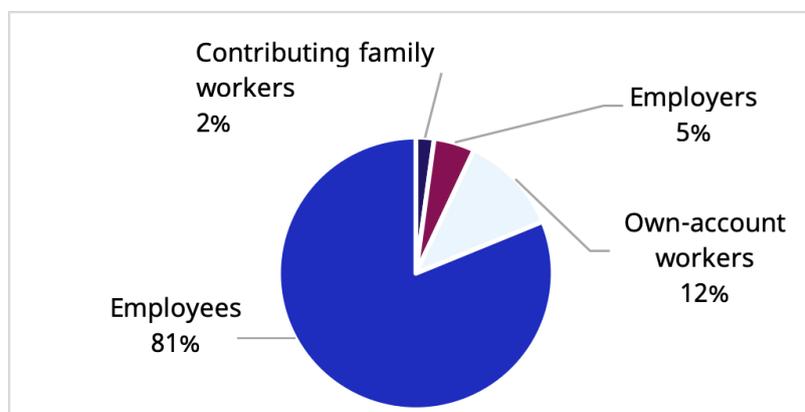
¹⁸ This section is based on data collected by the Government of Jordan's Department of Statistics in their Labour Force Survey and Household Income and Expenditure Survey. Both surveys provide high-quality, representative data. The sampling and questionnaires of both surveys were recently updated with the support of the ILO (LFS) and the World Bank (HIES).

¹⁹ No information exists on social security coverage for secondary occupations. However, fewer than 5 per cent of respondents report more than one occupation in the LFS.

Employment status

Workers lacking coverage are mostly employees (81 per cent), with relatively few self-employed (Figure 1).

Figure 1. Employment status of workers lacking coverage.



It is important to note that coverage rates among own-account workers are lower than among employees. Only 22 per cent of own-account workers are registered with the Social Security Corporation compared to 52 per cent of employees. Nevertheless, because there are relatively few own-account workers in Jordan – only 8 per cent of all workers – they comprise only 12 per cent of unregistered workers (Table 2).

Table 2. Coverage rates by employment status.

Employment status	Coverage rate	Share of employment status among all workers
Employees	52% (48% of employees lack de facto coverage)	87% (87% of all workers in Jordan are employees)
Own-account workers	22% (78% of own-account workers lack de facto coverage)	8% (8% of all workers in Jordan are own-account workers)
Employers	30% (70% of employers lack de facto coverage)	4% (4% of all workers in Jordan are employers)
Contributing family workers	8% (92% of contributing family workers lack de facto coverage)	1% (1% of all workers in Jordan are contributing family workers)

We turn now to the characteristics of employees lacking coverage, who constitute the large majority of workers lacking coverage. We then describe the characteristics of own-account workers lacking coverage – a smaller group than employees but which requires separate treatment, given their distinct treatment in the legislative framework.

Employees: Personal characteristics

The vast majority of employees lacking coverage are male (89 per cent). The small number of women is expected for two reasons. Firstly, women account for a small proportion of workers in general: 18 per cent of employees in Jordan are female. Secondly, Jordanian women work primarily in the public sector and large enterprises: only 29 per cent of female workers in Jordan lack coverage, compared with 52 per cent of working men.

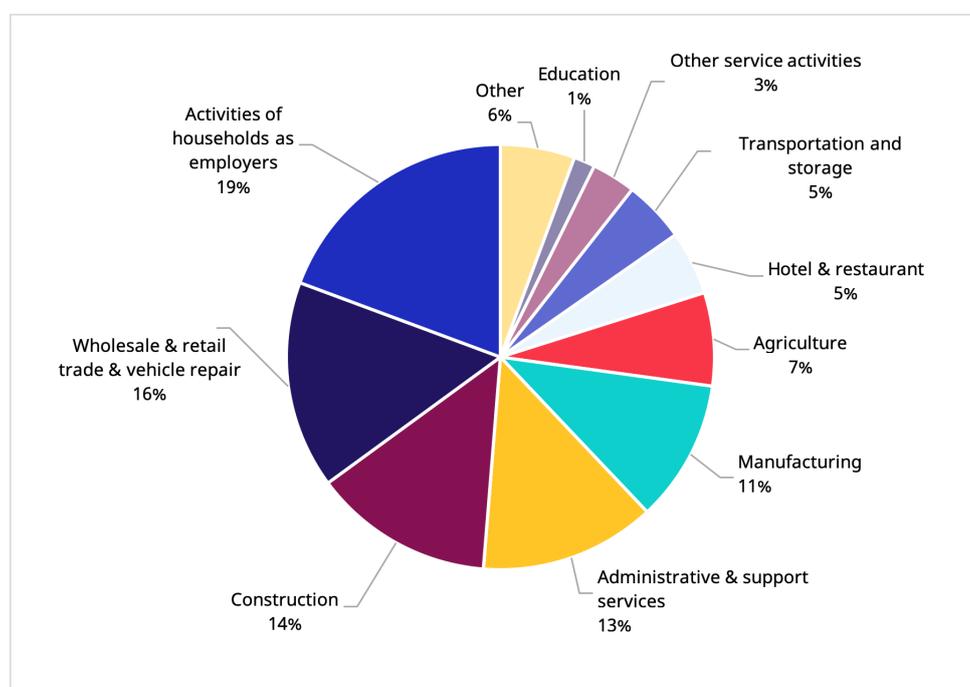
Employees lacking coverage have a similar age profile to their counterparts who are covered by social security. This means that any new programme to increase coverage can be built around the same set of age-based actuarial assumptions.

Sixty-eight per cent of employees lacking coverage have less than secondary education. Twenty-nine per cent have elementary education or less.²⁰ Any efforts to expand social security coverage will need to accommodate the relatively low level of education among employees lacking coverage, and programmes are more likely to be successful if the procedures and communication campaigns are clear and simple.

Employees: Sector and location of work

The large majority of employees lacking coverage work in services, construction and manufacturing – sectors for which social security coverage is required by law (Figure 2).²¹ Only 26 per cent of employees lacking (de facto) coverage are exempted, based on their sector of work (that is, they also lack de jure coverage).²²

Figure 2. Sector of work of employees lacking coverage.



²⁰ Eight per cent are illiterate, 4 per cent can read and write, 17 per cent have completed elementary school.

²¹ Data based on occupation rather than sector tells a similar story. Forty-three per cent of employees lacking coverage are in services and sales occupations with another 24 per cent in craft and related trades.

²² Recall that agriculture and domestic work are the two sectors excluded from mandatory (de jure) coverage.

It is important to note that coverage rates vary enormously from sector to sector. In the agriculture sector,²³ for example, the vast majority of employees lack coverage. Nevertheless, because Jordan's agriculture sector is so small, only 7 per cent of all employees who lack coverage work in agriculture.

Table 3. Coverage rates by sector, from the lowest to highest coverage rates.

Sector	Coverage rate	Share of sector among all employees
Agriculture	3% (97% of agriculture workers lack coverage)	4% (4% of all workers in Jordan are employed in the agriculture sector)
Domestic work	3% (97% of domestic workers lack coverage)	10% (10% of all workers in Jordan are employed as domestic workers)
Construction	11% (89% of construction workers lack coverage)	7% (7% of all workers in Jordan are employed in construction)
Administrative and support services	11% (89% of workers in administration and support services lack coverage)	7% (7% of all workers in Jordan are employed in administrative and support services)
Wholesale and retail trade	28% (72% of workers in wholesale and retail trade lack coverage)	11% (11% of all workers in Jordan are employed in wholesale and retail trade)
Electricity and gas	90% (10% of workers in the electricity and gas sector lack coverage)	1% (1% of all workers in Jordan are employed in the electricity and gas sector)
Education	92% (8% of all workers in the education sector lack coverage)	10% (10% of all workers in Jordan are employed in the education sector)

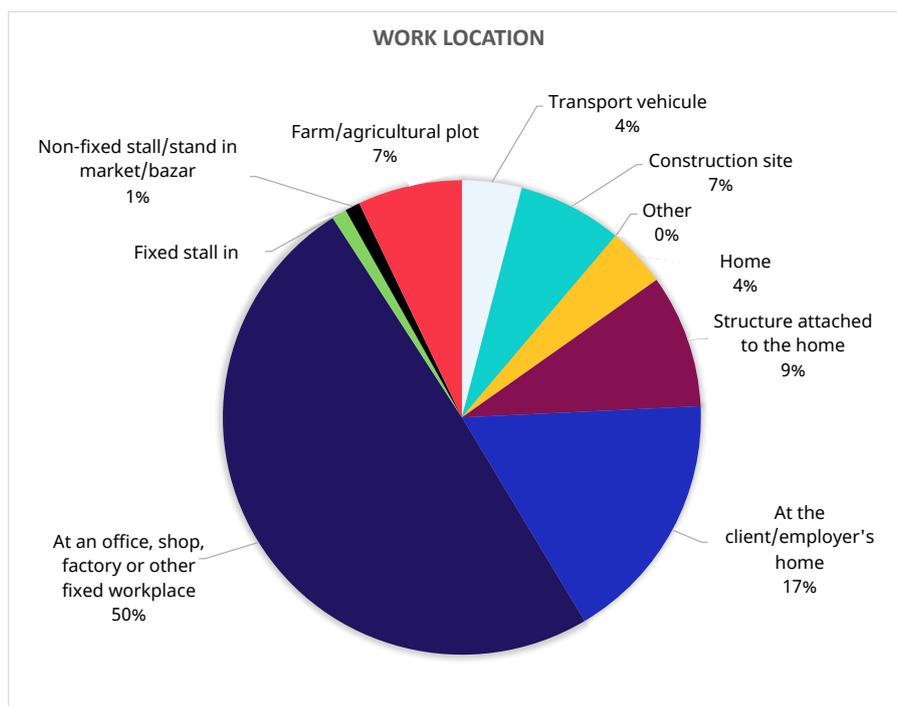
²³ The economic activities and occupations in which employees work is relevant to social protection because exposure to work injuries and extent of enforcement vary enormously across activities and occupations. Construction workers, for example, are more exposed to work injuries than are administrative service workers. Agriculture workers are often exposed to fertilizers and other chemicals that cause occupational illness. Domestic workers are vulnerable because they work in locations that are private – neither visited by inspectors nor visible to passers-by. Economic activities and occupations are also often correlated with profit and income and thus the capacity of the employee and the employer to participate in contributory social protection programmes.

Finance and insurance	95% (5% of all workers in the finance and insurance sector lack coverage)	1% (1% of all workers in Jordan are employed in finance and insurance)
Public sector and defence	100% (100% of workers in the public sector and defence are covered)	20% (20% of all workers in Jordan are employed in the public sector and defence)

Physical characteristics of the workplace are important in terms of extent of enforcement. With limited capacity, government inspectors focus their efforts on workplaces that have many employees and are easy to access. In addition, the size of the enterprise is often correlated with productivity, profit and income and, therefore, the capacity of employees and employers to pay social security contributions.

About half the employees lacking coverage work in traditional work locations such as offices, shops, factories and other fixed workplaces. Seventeen per cent work at the home of their clients or employers, 7 per cent work on a farm or agricultural plot and 7 per cent work on construction sites (Figure 3).

Figure 3. Work locations of employees lacking coverage.

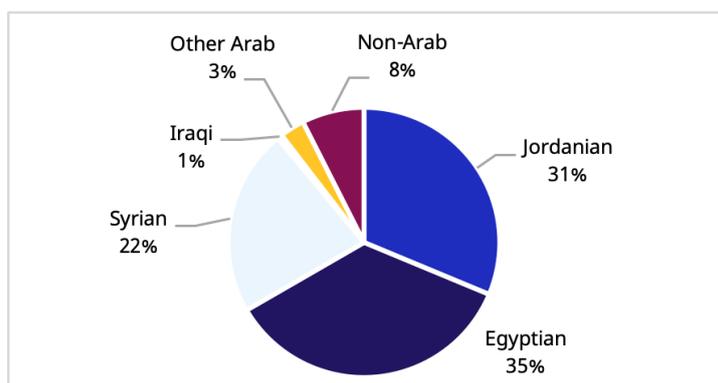


Source: DOS Labour Force Survey, 2018.

Employees: Nationality of workers

A significant share of those lacking coverage are Egyptians and Syrians. Jordanians comprise about a third of employees lacking coverage, with Egyptians comprising 35 per cent and Syrian refugees 22 per cent (Figure 4).

Figure 4. Nationality of employees lacking coverage.



That non-Jordanians comprise the majority of employees lacking coverage is unsurprising, given their very low coverage rates. For example, 94 per cent of Egyptian employees lack coverage. Although non-Jordanians comprise a minority (36 per cent) of all employees, the large difference in coverage rates outweighs the overall size of the population.

Table 4. Coverage rates by nationality of employees.

Nationality	Coverage rate	Share of sector among all employees
Jordanian	76% (24% of Jordanian employees lack coverage)	64% (64% of all employees are Jordanian)
Egyptian	6% (94% of Egyptian employees lack coverage)	18% (18% of all employees are Egyptian)
Syrian	4% (96% of Syrian employees lack coverage)	11% (11% of all employees are Syrian)
Iraqi	32% (68% of Iraqi employees lack coverage)	<1% (<1% of all employees are Iraqi)
Other Arabs	24% (76% of other Arab employees lack coverage)	2% (2% of all employees are other Arabs)

Non-Arabs	12% (88% of non-Arab employees lack coverage)	4% (4% of all employees are non-Arabs)
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Jordanian and non-Jordanian employees not only experience differences in coverage rates but also are systematically different in terms of personal and job characteristics. For example, while Jordanians without coverage work predominantly in wholesale and retail trade, manufacturing, and transportation, their non-Jordanian counterparts work mainly in households, administrative services, and construction. Additional personal and job characteristics are described separately for Jordanians and non-Jordanians in Annex 4.

The Jordanian Labour Law is based on the principle that workers of all nationalities have equal rights.²⁴ As further discussed in the next section, the lower coverage of non-Jordanians indicates primarily non-compliance with the law, not a gap in legislation, as coverage rates for non-Jordanians are systematically lower than those of Jordanians across different employment types. In addition, lower coverage for non-Jordanian workers is related to the fact that these workers are more likely to work in sectors or forms of employment in which legal coverage is not provided or not (fully) implemented (for example, the agricultural sector, construction or domestic work, with high levels of casual and part-time employment). See further discussion below.

Employees: Nature and duration of contract

Recall that coverage is mandatory for temporary as well as permanent workers and whether the employment arrangement is delineated in a written contract or not. More specifically, coverage is mandatory for anyone working 16 days or more in any given month.

The large majority of employees who lack coverage are required to be covered based on the nature and duration of their contracts: only 8 per cent are exempted from coverage (that is, lack de jure coverage) based on the very short-term nature of their employment.

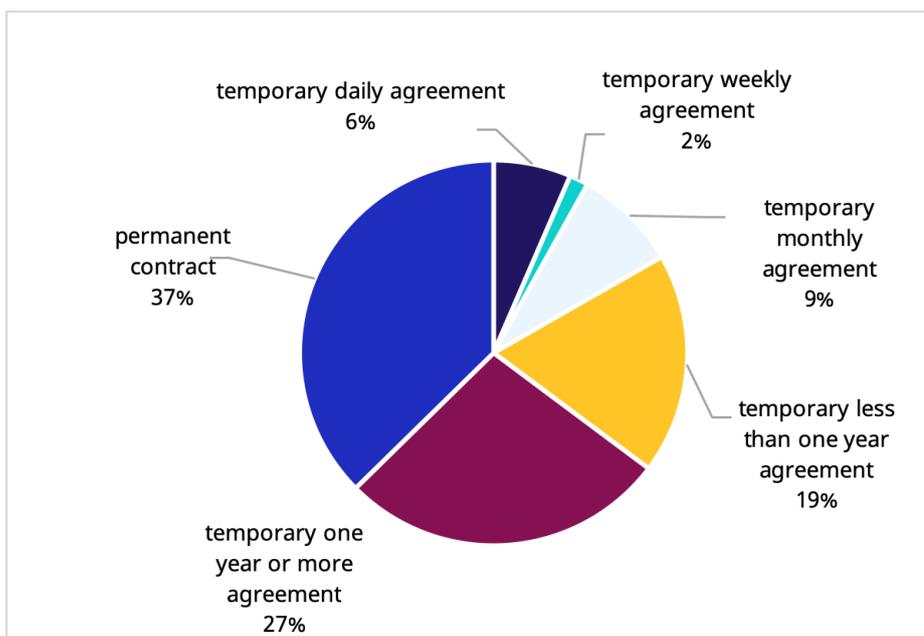
More than a third (37 per cent) of employees lacking de facto coverage have permanent contracts, and another 27 per cent are on temporary contracts covering at least a year of work. In sharp contrast to the perception that daily wage work is common in Jordan, only 6 per cent of employees in the Labour Force Survey indicate that they typically work for different employers each day.^{25 26}

²⁴ The exception is that non-Jordanians are ineligible for the existing voluntary programme.

²⁵ It is possible that some daily-wage workers define themselves as own-account workers and are therefore not included in the numbers shown in Figure 3. Even if this is the case for some workers, the number would be small, as it is seen from the small share of own-account workers as a whole, among workers who are not registered with the Social Security Corporation.

²⁶ Informal employment is closely linked to the number of workers in the enterprise. Eighty-five per cent of employees in workplaces of fewer than ten persons are in informal employment, compared to 15 per cent of those in workplaces of 100 persons or more. The Social Security Law requires coverage for workers in all sizes of enterprises.

Figure 5. Employment duration of employees lacking coverage.



Coverage rates vary significantly by duration of contract (Table 5). While 70 per cent of employees with permanent contracts are covered, coverage is nearly non-existent among those with employment arrangements of less than a month. There are large discrepancies in coverage rates between Jordanian and non-Jordanian workers for all types of contract, except daily or weekly contracts. Among Jordanian workers with permanent contracts, 14 per cent of workers lack coverage, while 87 per cent of non-Jordanians with the same contract duration lack coverage.

Table 5. Coverage rates by duration of employment.

Duration of employment	Coverage rate of all workers	Coverage rates of Jordanian workers	Coverage rates of non- Jordanian workers	Share of duration category among all workers in Jordan
Daily or weekly agreement	1% (nearly 100% lack coverage)	<1% (nearly 100% lack coverage)	<1% (nearly 100% lack coverage)	3% (3% employed under daily agreements)
Monthly agreement	16% (84% lack coverage)	36% (64% lack coverage)	2% (98% lack coverage)	5% (5% employed under monthly agreements)
Agreement of more than a month but less than a year	23% (77% of lack coverage)	50% (50% lack coverage)	3% (97% lack coverage)	12% (12% employed under agreements of more than one month but less than one year)

Agreement of a year or more	28% (72% lack coverage)	57% (43% lack coverage)	6% (94% lack coverage)	18% (18% employed under agreements of a year or more)
Permanent contract	70% (30% lack coverage)	86% (14% lack coverage)	13% (87% lack coverage)	61% (61% employed under permanent contracts)

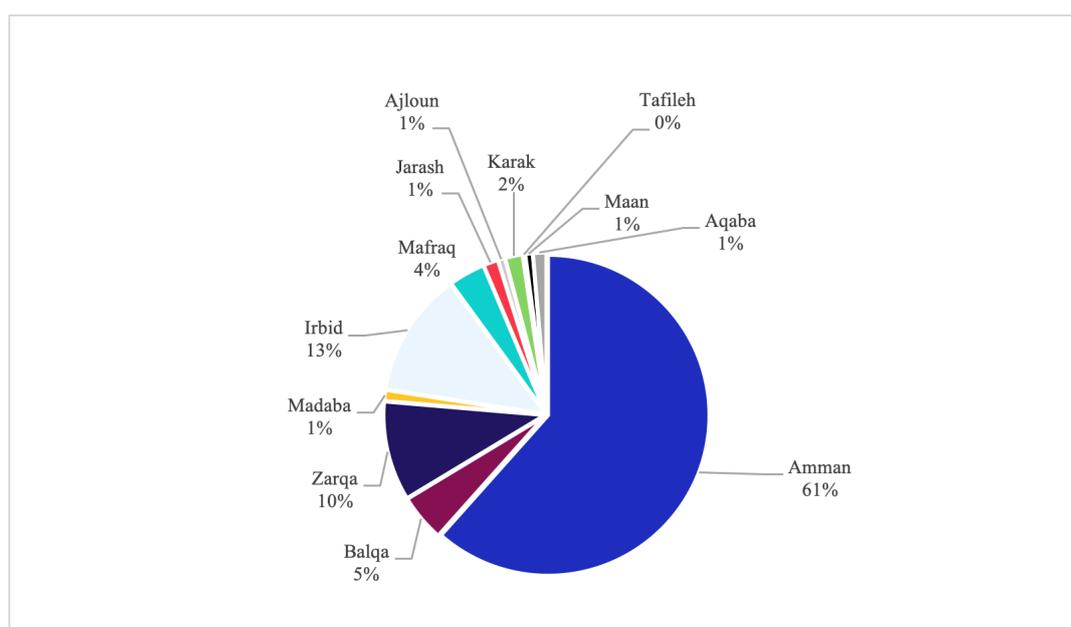
The majority of employees lacking coverage are working full time. Only 5 per cent of employees lacking coverage – for their primary occupation – are in part-time work.²⁷ Fewer than 5 per cent of respondents to the survey reported multiple occupations, and it is not possible to determine the rate of social security coverage for the second occupation from the LFS.

Jordanian law treats oral agreements on a par with written contracts. Nevertheless, in practice, it is easier to prove the nature of an agreement if it is in writing. It is not surprising, therefore, that 69 per cent of employees lacking coverage also lack a written contract.

Employees: Geographic location (such as governorate) and other personal characteristics

Most employees lacking coverage are located in Amman and Irbid (Figure 6). The dense concentration of those lacking coverage in Amman is primarily a reflection of Jordan’s highly urban population. The governorate of Amman includes 56 per cent of the population. Together with Irbid and Zarqa, the three very urbanized governorates contain 80 per cent of the population.

Figure 6. Governorate of employees lacking coverage.

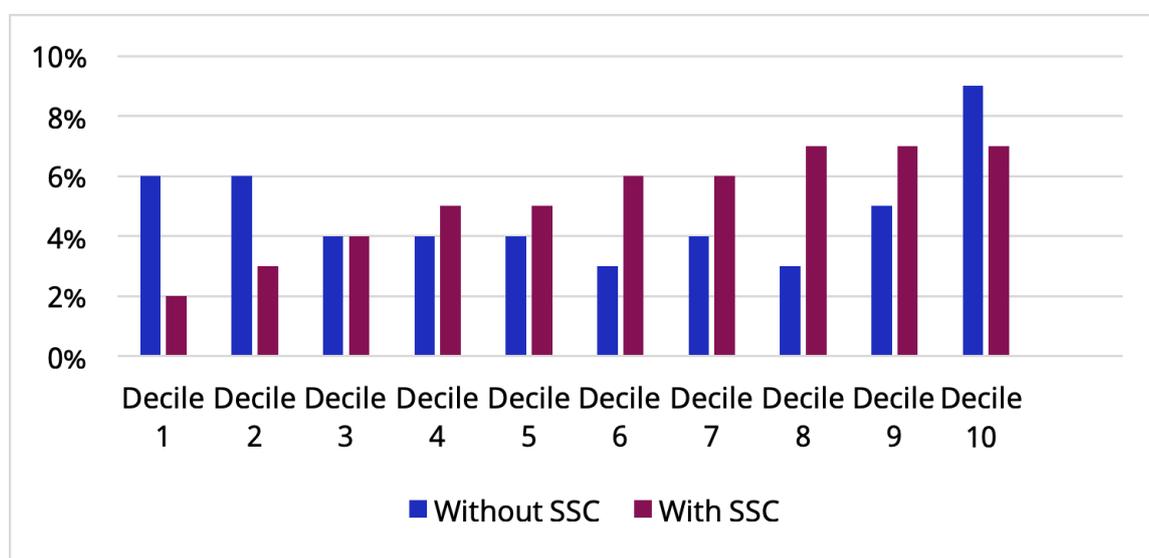


²⁷ In fact, employees lacking coverage tend to work longer hours than employees who are covered by social security: 58 per cent of employees lacking coverage work more than 49 hours per week, compared to only 15 per cent of employees who are covered.

Employees: Economic class of workers

Figure 7 shows employee coverage rates by income decile of the household they live in. Coverage rates are higher among workers towards the middle of the economic distribution, which could be due to their higher likelihood of being permanent employees, with a clear employer-employee relationship, while those in the lowest decile are more likely to be in a more precarious employment situation (for instance, lower wages, oral contracts), less stable employment relationships (such as shorter term contracts) and work in sectors with lower coverage rates. The lower coverage among workers at the top of the income distribution may be the result of a higher reliance on private insurance schemes and employment outside Jordan, but this requires further investigation. Non-Jordanian workers across all economic classes are far less likely to be covered by social security than Jordanian workers.

Figure 7. Social security coverage by economic class and nationality.



Source: DOS Household Income and Expenditure Survey 2017.

We turn now to own-account workers lacking coverage.

Own-account workers: Nationality, geographic location and other personal characteristics

As previously reported (Table 2) only one in every five own-account workers is covered by social security. The majority of own-account workers lacking coverage are male. Nevertheless, a significant share (21 per cent) are female, far higher than the 11 per cent among employees lacking coverage. Any new programmes aimed at expanding coverage among own-account workers will need to consider the employment patterns among women.

Own-account workers lacking social security coverage have a similar age profile to their employee counterparts and to workers in Jordan as a whole.

Forty per cent of own-account workers lacking coverage have less than secondary education. Twenty-seven per cent have elementary education or less. Although this level of education is

relatively higher than that of their employee counterparts, it is relatively low compared to the labour force as a whole.

As with employees, the majority of own-account workers are located in the three most heavily urbanized governorates. This fact implies that many of the unprotected workers in these groups have reasonably good access to institutions, including the Social Security Corporation, while relatively few are in remote locations that are difficult to access (Table 6).

Table 6. Governorates of own-account workers lacking coverage.

Governorates	Per cent lacking coverage
Amman	44 %
Balqa	5 %
Zarqa	16 %
Madaba	2 %
Irbid	20 %
Mafraq	4 %
Jarash	3 %
Ajloun	2 %
Karak	1 %
Tafileh	1 %
Maan	1 %
Aqaba	1 %
Total	100 %

Source: DOS Household Income and Expenditure Survey 2017.

Eighty-six per cent of own-account workers lacking coverage are Jordanian: the remaining 14 per cent (about 21,000 people) are non-Jordanians. Fewer than one in three own-account Jordanian workers lack coverage, and this drops to 2 per cent in the case of non-Jordanian workers (Table 7). The prevalence of Jordanians among own-account workers without social security may imply greater political support for extension of coverage and reform.

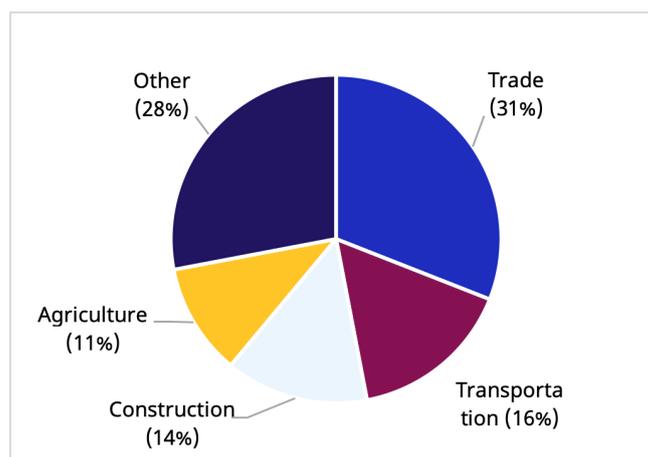
Table 7. Coverage rates among Jordanian and non-Jordanian own-account workers.

Nationality	Coverage rate	Share of Jordanian and non-Jordanian own-account workers
Jordanian	30% (70% of Jordanian employees lack coverage)	72% (72% of own-account workers are Jordanian)
Non-Jordanian	2% (98% of non-Jordanian employees lack coverage)	28% (28% of own-account workers are non-Jordanian)

Own-account workers: Sector of work

Like employees, a large share of own-account workers lacking coverage are in retail and wholesale trade activities (Figure 8). Unlike employees, however, a significant share of own-account workers lacking coverage are engaged in transportation – primarily as drivers of taxis and privately owned buses. Own-account workers lacking coverage are much less likely to work in household activities (for instance as domestic workers and gardeners) than their employee counterparts.

Figure 8. Share of own account workers, by sector.



As displayed in Table 8 below, coverage rates appear to be lowest for own-account workers in the trade and transportation sectors. It is perhaps surprising to note that 40 per cent of own-account workers in agriculture have social security – considerably higher than the 22 per cent of own-account workers in general.

Table 8. Coverage rates among own-account workers, by sector.

Economic activity	Coverage rate	Share of own-account workers in different economic activities
Trade	21% (79% lack coverage)	31% (31% are in trade)
Transportation	25% (75% lack coverage)	16% (16% are in transportation)
Construction	12% (88% lack coverage)	14% (14% are in construction)
Agriculture	40% (60% lack coverage)	11% (11% are in agriculture)
Other	19% (81% lack coverage)	28% (28% are in other sectors)

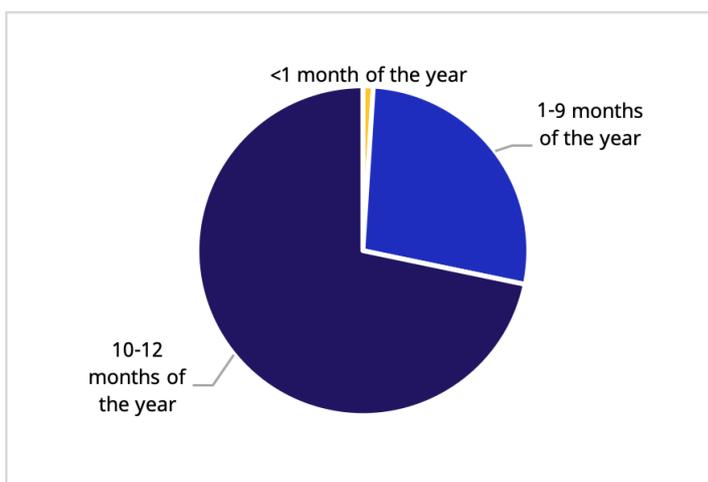
Source: DOS Household Income and Expenditure Survey 2017.

The most common work location of own-account workers lacking coverage is in a vehicle (35 per cent), followed by traditional workplaces (28 per cent) and in their own home (19 per cent). The prevalence of drivers and home-based work among own-account workers differs from employees, who are more likely to work in traditional workplaces.

Own-account workers: Employment measured in work months per year

Like their employee counterparts, the large majority of own-account workers have employment. Seventy-one per cent of own-account workers lacking coverage reported working at least ten months of the year in the last labour force survey.

Figure 9. Work months per year among own-account workers lacking coverage.



Source: DOS Household Income and Expenditure Survey 2017.

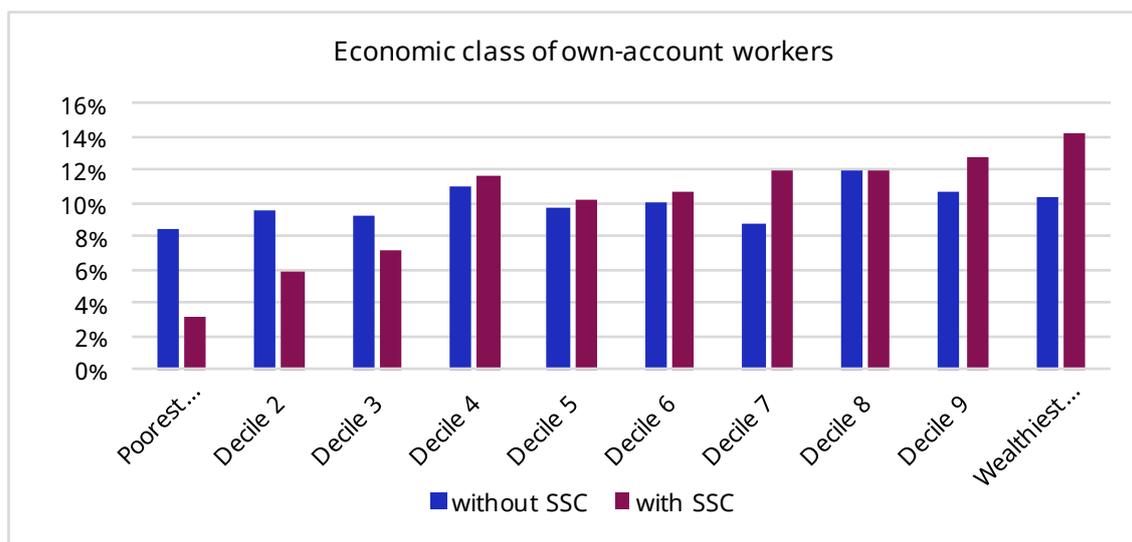
Table 9. Reported work months per year among own-account workers, coverage rates by work months.

Stability of employment, months of work per year	Coverage rate	Share of own-account workers without social security
<1 month	25% (75% lack coverage)	2% (2% have less than one month of work per year)
1-9 months	18% (82% lack coverage)	27% (27% have between 1 and 9 months of work per year)
10-12 months	17% (83% lack coverage)	71% (71% have between 10 and 12 months of work per year)

Own-account workers: Economic class

Figure 10 shows that own-account workers lacking coverage are not primarily poor. Like their employee counterparts, they are relatively evenly spread across economic classes, and many have the capacity to participate in contributory social protection programmes.²⁸ However, they are, on average, poorer than their counterparts who are covered by social security

Figure 10. Share of covered and uncovered workers in each economic decile.



Source: DOS Household Income and Expenditure Survey 2017.

²⁸ See, in particular, a recently produced Resource Package and the Guide on extending social security coverage to workers in the informal economy: Lessons from international experience (ILO, 2019).

Section 4: Typology of workers lacking coverage

The purpose of this section is to propose a practical typology of workers in Jordan lacking coverage, which can be used by the Social Security Corporation in its efforts to expand coverage.

The practical typology is developed in three steps. Firstly, we outline the range of reasons why workers may lack coverage – in essence a theoretical typology – based on the extensive global literature. Secondly, we summarize available evidence in order to identify which categories are the most common in Jordan. Finally, we synthesize the first two steps into a typology that is specific to Jordan and practical in the sense that it can support concrete actions.

Reasons workers lack coverage (internationally)

There is a wealth of analytical literature on the reasons why workers lack coverage in various contexts around the world.²⁹ The most common reasons for lack of coverage can be summarized as follows.

Legislative gaps

A country's legislative framework identifies the categories of workers who are de jure (required to be) covered by social security. In addition, the framework may identify categories of workers for whom coverage is optional and categories of workers who are explicitly prohibited from obtaining coverage. Legislative gaps are often associated with sectors (for example, the agriculture sector may be excluded from mandatory coverage), by duration of contract (for instance, day labourers may be excluded from mandatory coverage), the size of the enterprise, levels of remuneration and employment status (for example, own-account workers may be excluded from mandatory coverage).³⁰

Coordination and coherence gaps within and between social protection institutions

Social protection systems include different assistance and insurance institutions. Failure to coordinate targeting and case management can result in certain categories of workers falling through the cracks. Lack of coordination between social protection and other institutions – such as ministries of trade – can result in unintended overlap, loopholes or contradictory regulatory requirements for registration and contributions.

Awareness or misconceptions regarding the legislative framework

Even categories of workers for whom coverage is required by law may lack coverage because they or their employers are unaware of coverage requirements (or of administrative processes). Awareness issues are often associated with the nature of contracts: in Jordan, many workers and employers are unaware that coverage is required for temporary employees (working 16 days or more during a month), even if a written contract has not been signed. Awareness issues are also often associated with barriers to information such as

²⁹ See, in particular, a recently produced Resource Package and the Guide on extending social security coverage to workers in the informal economy: Lessons from international experience (ILO, 2019).

³⁰ Some countries do not require coverage for non-nationals or for workers in very small establishments. In Jordan, however, coverage does not depend on nationality or size of establishment.

nationality (especially if there is a language barrier), location of work (where workers in more remote areas often lack information). Barriers may also arise from general lack of trust in the social security institutions. Efforts to resolve awareness and information issues are often most effective where they are tailored to specific categories of workers – addressing their issues and communicating through the channels they use.

Administrative processes

Compliance can be deterred by cumbersome administrative processes. For example, if interacting with the administration requires visits in person to centrally located offices, the time and cost of travel may deter compliance for those in remote areas. Similarly, confusing or time-consuming paperwork may deter compliance, especially for those with limited education. The schedule and mode of contribution payments may not be aligned with the worker's situation (for instance, in case of seasonal or daily income).

Financial costs

Contributions may be prohibitively expensive for low-income employers, employees and the self-employed. Financial constraints are often associated with very small establishments and specific sectors, though these associations are not universal. Ability to contribute varies significantly within small establishments and within sectors. Where possible, the ability to contribute should be assessed for specific employers and employees: where that is not possible, size of establishment, sector or other factors (such as asset holdings) can be useful proxies.

Enforcement

However strong the legislative framework and awareness, and however reasonable the administrative processes and financial costs of contributions, there are likely to be some employers who will attempt to evade their responsibilities (as well as some employees who are not convinced they will benefit from participation). Global evidence shows that effective enforcement does not have to be expensive: focusing efforts on key sectors and geographic areas can increase coverage at little or no additional cost.

Summary of the main categories of workers lacking coverage in Jordan

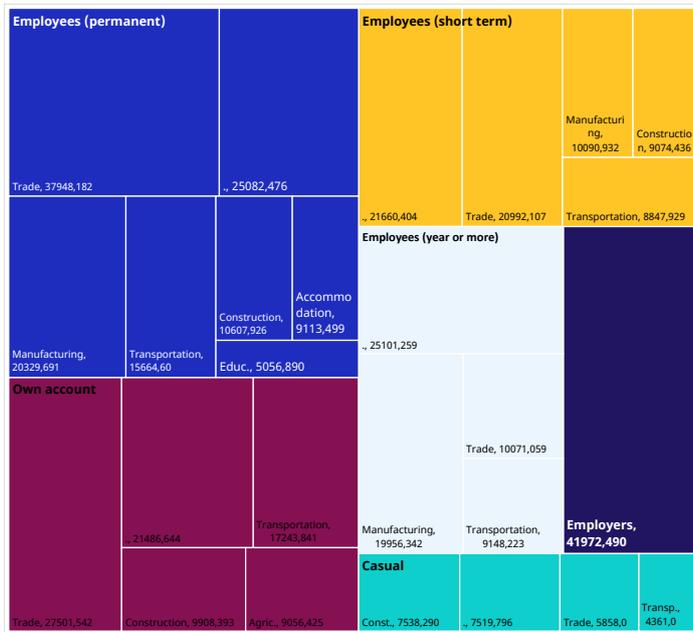
Unfortunately, there is no data to explain several of the reasons why workers in Jordan lack coverage. For example, we do not know the extent to which workers and their employers are aware of their rights and responsibilities within the legislative framework. Nevertheless, the characteristics of workers lacking coverage can provide crucial insight.

The previous section of this report analysed a wide range of worker characteristics. Figure 11 summarizes the analysis in order to show which characteristics are most common among those lacking coverage. Four things stand out. Firstly, the majority of workers lacking coverage are employees in long-term (a year or more) employment arrangements; for most of these, legislative gaps are clearly *not* a reason for lack of coverage. Secondly, a significant though smaller number of those lacking coverage are own-account workers. Legislative gaps may be a key factor in this group, possibly along with other reasons for lack of coverage. Thirdly, the majority of employees lacking coverage work in wholesale and retail trade, domestic work, construction and administrative services. Fourthly, there are significant differences by nationality: more than half the workers lacking coverage are non-Jordanians,

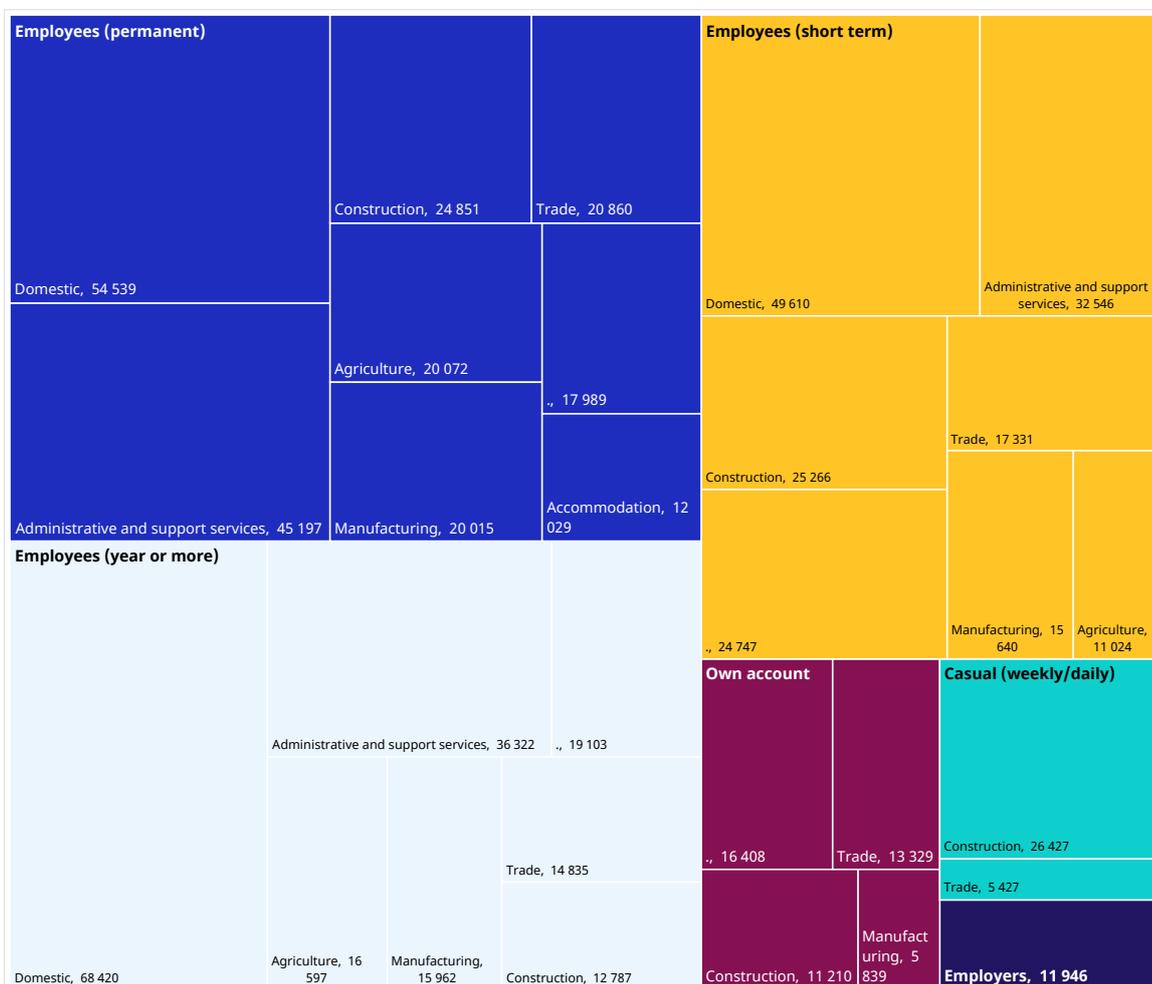
working primarily in domestic work, administrative services and trade, while the Jordanians lacking coverage work mainly in trade, construction and transport.

Proposed typology of workers lacking coverage in Jordan

Figure 11. Area map of characteristics of workers lacking coverage (the size of the cells reflects the absolute number of workers estimated in each category).



From Figure 11, we can identify several essential elements of a practical typology. While these elements are based on worker characteristics, they have important links to common reasons workers lack coverage.



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Duration of employment

Legislative gaps related to the duration of employment are not binding for 92 per cent of employees but are for the remaining 8 per cent. In this context, closing legislative gaps will be important to approximately 73,000 workers but will not address the challenges facing the large majority (approximately 834,000) workers who lack coverage. There appears to be a lack of awareness among workers and employers regarding the legal requirements.

Employment status

The majority of workers lacking coverage are employees, although 12 per cent are own-account workers. Among these own-account workers, the absence of mandatory coverage may be a significant reason for lack of coverage. Note that among Jordanian own-account workers, approximately 28,000 work in trade sectors, 17,000 in transportation (taxi and truck drivers) and 10,000 in construction.

Sector of work

Wholesale and retail trade is the most common sector of work for those lacking coverage. Although these workers represent a minority, legislative gaps related to the sector of work may be binding for some workers – specifically the approximately 76,000 employees in domestic work and 76,000 in agriculture. As we will discuss in the following section, lack of coverage in the agriculture sector is considered a major reason so few Jordanians are willing to work in the sector.

Nationality

Jordanians account for approximately 431,000 workers lacking coverage, with non-Jordanians accounting for the remaining 686,000. Lack of awareness and enforcement of legal requirements may be a reason for lack of coverage, especially among non-Jordanians. In any case, it is important to note that low coverage rates among non-Jordanians creates a significant wage gap that is an incentive for employers to hire non-Jordanians rather than Jordanians.

In addition to those identified in Figure 11, we propose two additional characteristics that have clear implications for the reasons for lack of coverage and for policy actions aimed at expanding coverage.

Geographic location

Note that the degree of remoteness is often associated with challenges related to administrative processes as well as costs of enforcement. In Jordan, the majority (61 per cent) of employees lacking coverage are located in a single governorate (Amman) and fully 84 per cent are concentrated in the three highly urbanized governorates including Irbid and Zarqa. The implication is that relatively simple and inexpensive policy actions can be used to reach a large proportion of workers lacking coverage, while additional special actions may be needed to reach the 16 per cent who are in more distant locations.

Ability of workers and their employers to afford contributions.

International evidence indicates that the financial cost of contributions is often a major challenge to expansion of coverage. It is crucial, therefore, for policy actions to find ways to include those who are unable to afford the costs of the standard schemes – and to target any exemptions or subsidies as closely as possible. As shown in Figure 10, only a minority of employees lacking coverage in Jordan live under the poverty line: most of those remaining can probably afford some level of contributions. It is important to note also that some employers have low incomes and would have financial difficulties if they paid contributions on behalf of their employees. Such difficulties, however, are not universal, even in typical low-profit sectors; as we will see in the following section, a large share of employers in agriculture are well off.

Section 5. Social security coverage among agriculture workers in Jordan

In recognition of the need to tailor policies to the specific contexts in which workers lack social security coverage, this report uses the agriculture sector as a case study. Although agriculture workers comprise only a small share of those lacking coverage, the case study provides lessons that are more broadly applicable. Perhaps surprisingly, the agriculture sector is similar to several other sectors in that most workers have relatively long-term employment arrangements and are fairly centrally located, many of the workers are non-Jordanians, and many employers have the financial capacity to make contributions to social security. Moreover, although the agriculture sector is unique in its legislative challenges (exemption from de jure coverage), expanded coverage in agriculture will also require addressing compliance and enforcement challenges that exist in other sectors.

Role of agriculture in economy and society³¹

The agriculture sector in Jordan is sharply divided into two separate segments: one dominated by very small holdings and the other by larger holdings. Although more than half of holdings are 5 dunums or less, more than half of agricultural land area is in holdings of more than 200 dunums³² (Table 10).

Table 10. Share of number of holdings and share of area by size.

Size of holding (dunums)	Share of holdings	Share of areas	Number of holdings	Areas holdings (square dunums)
5 or less	61 %	4 %	66,279	118,039
6 to 50	32 %	22 %	34,458	619,510
51 to 200	5 %	18 %	5,059	502,306
201 to 2,000	2 %	34 %	1,911	955,607
More than 2,000	0 %	22 %	94	623,137
Total	100 %	100 %	107,801	2,818,599

³¹ In addition to income, employment and production directly from agriculture, marketing and food processing are essential components of the value chain. Although less information is available on these components, the European Commission study of 2012 concluded that profit margins are unjustifiably high for marketing intermediaries. European Commission (2012) is based on value chain analysis as well as differences between farm gate and consumer prices. Regarding food industries (for example, flour milling, dairy products, canning, and baking), the report shows improvements in the food manufacturing index over the past decades such that food industries comprise 4.8 per cent of GDP and 3.9 per cent of employment. The data for the study covers the period from 1975 to 2010, and 12 per cent of industrial value added came from food processing (see pp. 57, 59 and 87).

³² More than a fifth of agricultural land is in holdings of more than 2,000 dunums. About half of the holdings of 2,000 dunums are located in Amman and Mafraq. In the Jordan Valley, division of land below 3 or 4 dunums is prohibited by law. See European Commission (2012).

As a whole, agriculture production and value added have increased in recent years, thanks to expanded use of irrigation, plastic houses, and high-yield varieties.³³ Crop production increased by 71 per cent between 1995 and 2014,³⁴ while livestock production increased by 84 per cent.³⁵ Value added grew by 24 per cent in terms of share in GDP and by 39 per cent in terms of value.³⁶

Nearly all of these improvements have come from the large holding segment of the agriculture sector, with the small holding segment continuing to use low-productivity methods and remaining considerably below its potential.³⁷ The low-productivity methods not only constrain profitability but also prevent the sector from attracting Jordanian workers (because of the low wages and lack of social protection) as well as being environmentally unsustainable.³⁸

As in many countries, poor Jordanians are more likely to work in agriculture than better off families. However, unlike in many countries, agriculture is not a major source of livelihood for the poor. About 8 per cent of households in the bottom decile report one or more members working in agriculture. Wealthier households are more likely to own agricultural land: 24 per cent of the wealthiest decile owns agricultural land, compared to 15 per cent among the poorest decile.³⁹

Agriculture is not the main occupation of more than half the landholders, nor is it their principal source of income,⁴⁰ and they rely largely on family labour. Holdings of more than 100 dunums are often run by a manager and rely primarily on hired permanent labour.⁴¹ In addition to their main source of labour, about a third of holdings also use casual labour. About two-thirds of agriculture workers (employees, own account workers, employers and contributing family workers) are not Jordanians.⁴²

³³ According to the European Commission study, the increased use of modern technology in agriculture is primary due to the increasing role of commercial – as opposed to family – farming (see p. 52).

³⁴ See World Bank (2018), which is based on data from FAOSTAT.

³⁵ See World Bank (2018). Animal production was 55 per cent of agriculture GDP in 2006. Competitiveness varies from year to year, largely related to feed costs, including the subsidy on barley.

³⁶ See World Bank (2018), in which the World Bank compares the average during 2001–2010 with the average during 2011–2016. Value added grew between 2011 and 2016 and agriculture as a share of merchandise exports grew by 12 per cent since 2006. See also the World Development Indicator data on p. 9. Indices of livestock and crop production increased between 1995 and 2014, based on FAOSTAT data

³⁷ According to the World Bank (2018), there is large untapped potential for agricultural exports from Jordan (see p. 10). Realizing this potential would require addressing the currently very low levels of investment (see p. 12). About 45 per cent of cropped land area is irrigated, with the remaining 55 per cent rain-fed, largely reflecting the size of the holdings. Water use in Jordanian agriculture is highly inefficient within farms.

³⁸ Fragmentation of land ownership reduces potential economies of scale from investment. According to the European Commission (2012), lack of health insurance and pensions are significant reasons agriculture work is not attractive to Jordanians (see p. 84).

³⁹ According to the Department of Statistics Agriculture Census, about 20 per cent of land holders are governmental and 12 per cent private companies.

⁴⁰ According to the Department of Statistics Agriculture Census, agriculture is not the main source of income for medium and small holders, but is the main source of income for two-thirds of large holders.

⁴¹ According to the Department of Statistics Agriculture Census, a third of agriculture land is operated by hired managers. In terms of land holdings (rather than area), about a quarter are operated by hired managers.

⁴² According to the Department of Statistics Agriculture Census, use of casual labour is more prevalent in large holdings than among small holdings. Among holdings of more than 2,000 dunums, 59 per cent report using casual labour, compared to 18 per cent of holdings under 2 dunums. Based on area, 58 per cent of holdings report using casual labour in addition to hired and family labour.

The bulk of income from agriculture accrues to the wealthy.⁴³ The wealthiest decile receives 20 per cent of all income from cultivation compared to the 3 per cent received by the poorest decile.⁴⁴

The sector – including ownership of land and livestock – is well monitored.⁴⁵ The government regulates health standards of agriculture outputs through livestock inspections, testing of crops for chemical residues, and assigning quality standards. Wholesale and retail trade is organized through mandatory use of municipal markets and a system of municipal, market, commission fees and sales taxes.⁴⁶

Many key agricultural inputs are subsidized. Despite Jordan's limited water supply, highly subsidized water prices and pumping costs for agriculture result in excessive use (for instance, overemphasis on water-intensive crops) and low efficiency.⁴⁷ The government also subsidizes animal feed, provides free extension services and credit at below-market rates. Labour costs are kept low through exemption from minimum wage, social security and other expanding regulations, as well as through an expanded supply of labour (for example, access to migrant workers). While these policies undoubtedly benefit agriculture employers, they also make agriculture work particularly unappealing to Jordanian workers.⁴⁸

Local and international analysts frequently recommend government policies to increase the profitability and sustainability of agriculture, incentivizing landowners to invest in high-productivity methods by reflecting the true cost of inputs. This is important both for attracting Jordanian workers and increasing water efficiency. Analysts also recommend public investment in post-harvest infrastructure to reduce losses and increase quality – especially important for the expansion of export markets.⁴⁹

Agriculture workers and social security coverage⁵⁰

The following paragraphs apply to all agriculture workers in Jordan. Considering that the vast majority of agriculture workers lack de jure social security coverage, their characteristics closely match those of agriculture workers as a whole.

⁴³ Data is from the Department of Statistics Household Income and Expenditure Survey.

⁴⁴ According to the Department of Statistics Household Income and Expenditure Survey, income from land rental is even more disproportionate in favour of the wealthy: 36 per cent of income from land rental is received by the top decile while only 1 per cent is received by the bottom decile. Although the wealthier also receive a disproportionate share, the poorest receive a larger share of income from livestock: the wealthiest decile receives 21 per cent of income from livestock compared to the 9 per cent received by the poorest decile.

⁴⁵ Livestock is inspected at government run slaughterhouses (see European Commission, 2012). Data from the land registry and from the Ministry of Agriculture (for instance, livestock ownership) is used by the National Aid Fund in determining eligibility for social assistance.

⁴⁶ According to the European Commission (2012), all agriculture sales (including exports) are required to be made through municipal markets.

⁴⁷ Although the efficiency of water delivery to the farm gate is high, on-farm efficiency is below 50 per cent in many cases. See European Commission (2012).

⁴⁸ Since 2010, there has been a shift in the nationality of non-Jordanian workers. In order to absorb the large number of Syrians who have entered the labour market, the government has begun restricting entry of Egyptian migrant workers. Nevertheless, Egyptians comprise a large share of non-Jordanians in agriculture.

⁴⁹ In particular, cold chain (including cooled storage and transportation) is considered essential for expanding agricultural exports.

⁵⁰ Ninety-seven per cent of agricultural employees are not covered by social security. As a result, the composition of non-covered agricultural employees looks very much like agricultural employees in general.

Employment status

The majority of Jordan's estimated 78,000 agriculture workers (83 per cent) are employees, followed by own-account workers (9 per cent), employers (4 per cent)⁵¹ and contributing family workers (4 per cent). Most employees are non-Jordanian, while most own-account workers, employers and contributing family workers are Jordanian.⁵²

Sector and occupation of employees⁵³

In the agriculture sector, social security coverage is an explicit legal requirement only for those in specific managerial and technical occupations.⁵⁴ For the other agriculture workers, requirements are ambiguous because employment in the sector is supposed to be regulated by a law which has not yet been issued. Labour Force Survey data on occupations of agriculture workers suggest that no more than 3 per cent work in the de jure covered occupations.⁵⁵

Nature and duration of contract among employees

In general (that is, not specifically related to agriculture), social security coverage is required for temporary as well as permanent workers, with the exception of those working fewer than 16 days or more in any given month.⁵⁶ As shown in Figure 12, 90 per cent of agricultural employees have employment arrangements of at least a month. In other words, the 16-day criterion is binding for only a small share of agricultural employees, and if not for the fact that they work in the agriculture sector, coverage would be required for 90 per cent of agricultural employees.

⁵¹ This section relies primarily on the Labour Force Survey for data on workers. The Agricultural Census of 2017 is also useful for some issues not included in the Labour Force Survey. Specifically, we know from the Agricultural Census that small holdings rely more on family labour than do large holdings, and that livestock production relies more heavily on family labour than in crop production.

⁵² According to the Labour Force Survey, 86 per cent of own-account workers in agriculture are Jordanian and 84 per cent of employers in agriculture are Jordanian

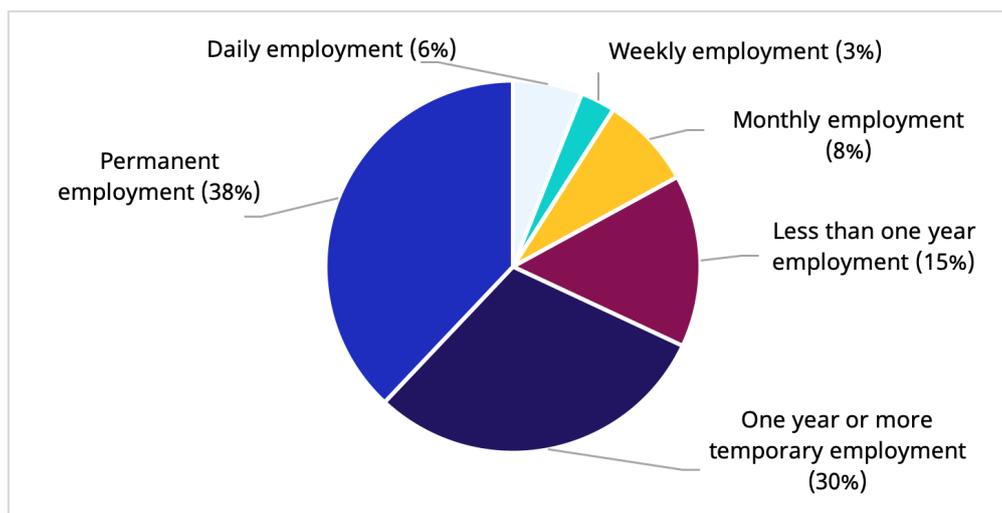
⁵³ This section characterizes employees only. Available information on own-account workers and workers in other categories of employment status are provided in Annex 4. We use the term "sector" to refer to what the Department of Statistics calls "main current economic activity".

⁵⁴ See Section 2 for further details.

⁵⁵ In the Labour Force Survey, only 3 per cent of agriculture employees identify their occupation as "sales", "machine operator", "professional", "technician", "craft" or "clerical". Although the sample is too small to be statistically significant, we note that less than half of these workers are covered by social security.

⁵⁶ Although individuals are exempt from coverage during the months when they work fewer than 16 days, they are mandatorily covered during any months in which they work 16 days or more.

Figure 12. Employment duration of employees in agriculture.



As Figure 12 shows, day labour and seasonal labour exist but are not the dominant forms of employment in agriculture. About two-thirds of agriculture employees have employment arrangements of a year or more.⁵⁷ A significant share of agriculture employees (38 per cent) are in “permanent” employment arrangements.

Despite the long-term nature of employment arrangements, most employees do not have written contracts.⁵⁸ Nevertheless, a significant share (19 per cent) of agricultural workers have written contracts even though they don’t benefit from social security.⁵⁹ Only 8 per cent work part time (<35 hours). The large majority indicate that they receive only cash compensation.⁶⁰

Nationality of employees

Twenty per cent of employees in agriculture are Jordanian. Although they are slightly more likely to be de facto covered by social security, even among Jordanians, 93 per cent lack de facto coverage. Non-Jordanians are primarily Egyptians (69 per cent) and Syrians (23 per cent), and coverage rates among these two nationalities are similar (about 5 per cent) (Table 11).

⁵⁷ This finding is consistent with the Population and Housing Census, finding that among rural workers, 76 per cent are in permanent work arrangements, 16 per cent in temporary work arrangements, 4 per cent in seasonal work arrangements and 4 per cent in irregular work arrangements.

⁵⁸ As discussed in Section 2, Jordanian law indicates that a contract does not need to be written. In practice, however, proving the existence of a verbal or implicit agreement is difficult. Agriculture workers are in a particularly precarious legal situation, given that the regulations governing the sector have yet to be finalized. When the regulations are issued, it will be important that they define a standard contract, including the rights and responsibilities of both employees and employers (for instance, assumptions regarding work hours and overtime pay) in order to minimize disputes among those lacking written contracts.

⁵⁹ Having a written contract appears to increase dramatically the likelihood of an employee having social security. Among employees with written contracts, 11 per cent have social security, whereas among employees without written contracts, only 2 per cent have social security. The causality between written contracts and social security coverage probably operates in both directions.

⁶⁰ Presumably sharecroppers identify themselves as own-account workers. Note that 99 per cent lack sick leave and 98 per cent lack annual leave.

Table 11. Nationality of employees in agriculture

Nationality	Share of total
Jordanian	20 %
Egyptian	55 %
Syrian	19 %
Iraqi	0 %
Other Arab	2 %
Non-Arab	4 %
Total	100 %

Economic class (for instance per capita consumption) of employees and employers⁶¹

The economic class of employees and employers is significant in any effort to expand social security coverage, because it is an indication of their ability to make contributions. Many employees in agriculture live in poor families. Forty-seven per cent are in the bottom quintile, while only 5 per cent are in the top quintile. The policy implication is that many employees would struggle if their contributions to social security were large.

Employers in the agriculture sector, however, are wealthier than the average Jordanian, implying that many employers could easily make contributions towards their employees' social security. Only 15 per cent of landowners are in the bottom quintile,⁶² while 24 per cent are in the top quintile. Households that rent agricultural land are even more likely to be wealthy – with 13 per cent in the bottom quintile versus 29 per cent in the top quintile.

Geographic location and other personal characteristics of employees

Balqa has the largest share of agriculture workers (26 per cent), followed by Amman (18 per cent), Irbid (15 per cent) and Mafraq (11 per cent). The vast majority of agriculture employees (97 per cent) are male (Table 12).

Table 12. Governorate of employees in agriculture.

Governorate	Share of total
Amman	21 %
Balqa	29 %
Zarqa	7 %
Madaba	3 %
Irbid	17 %
Mafraq	13 %
Jarash	3 %
Ajloun	1 %
Karak	5 %
Tafileh	0 %
Maan	1 %
Aqaba	1 %
Total	100 %

⁶¹ The data in this section represents Jordanians only.

⁶² As noted previously, agriculture is *not* the main source of income for most medium and small landholders.

Section 6. Policy Approaches

This section outlines a range of policy approaches aimed at expanding social security coverage. Before presenting the details of the approaches, we summarize the constraints to coverage and the characteristics of workers lacking de facto coverage.

Outline of policy approaches

Several different types of constraints to social security coverage can be identified, based on international experience and the analysis presented earlier in this report. As shown below, the major challenges lie in compliance and enforcement, with legislative gaps binding for between 15 and 19 per cent of those lacking coverage.

Legislative gaps related to mandatory coverage

The absence of legislation on mandatory social security coverage (and other aspects of working conditions) in agriculture is a clear constraint for employees in that sector. More generally, legislative gaps based on sector are relevant to 239,000 (15 per cent) of employees lacking de jure and thus also de facto coverage.

The fact that those working fewer than 16 days a month are exempted from mandatory coverage is *not* a primary constraint, given that only 8 per cent of employees work fewer than 16 days a month (10 per cent of those in agriculture), and many in long-term employment arrangements.

Legislative gaps related to access to voluntary coverage

Although all Jordanians can participate in the voluntary programme (designed for own-account workers and employers), the 60,000 non-Jordanian own-account workers and employers do not have access. In addition, the voluntary programme also provides coverage for fewer contingencies than the mandatory regime.

Non-compliance resulting from lack of awareness of regulations and processes

The extent to which employers and employees are aware of the existing social security regulations and processes is not known. Investigating the extent of this constraint could be easily accommodated through the Labour Force Survey and would provide policymakers with important information.

Most of the workers lacking coverage are in a limited number of sectors (including retail trade) and governorates, making them (and their employers) relatively easy to target with tailored messages. Anecdotal evidence suggests that one of the main messages needing to be conveyed is that coverage is mandatory for anyone working 16 days or more in a given month (regardless of the form or nature of the contract), and for all nationalities.

Non-compliance resulting from cumbersome administrative processes

The Social Security Corporation has been working to simplify administrative processes for employees and employers. Global evidence suggests that this can increase coverage.⁶³

⁶³ ILO. 2019. Extending social security coverage to workers in the informal economy: Lessons from international experience (Chapter 5).

Jordan has significant potential in this area, given that the majority of workers lacking coverage live in the urban governorates of Amman, Irbid and Zarqa, and considering the country's sophisticated technology and progress on electronic payment of wages.

Non-compliance resulting from inability to bear costs of contributions

Most of the employees lacking coverage – and their employers – can afford to pay contributions. Even in the agriculture sector, a large share of employers come from the wealthier segments of Jordanian society. Nevertheless, some employees and employers find that the contribution rates of the existing programme are prohibitive.

In principle there are two ways to make coverage more affordable: (i) reducing contributions through subsidization (from the general budget or from wealthier participants); and (ii) reducing contributions while proportionately reducing benefits. In either case, new approaches would be needed to ensure affordability, careful targeting, and political feasibility, while ensuring adequacy of the benefits and providing incentive for workers to formalize.

Inadequate enforcement (intentional non-compliance)

No matter how comprehensive the legislation and no matter how simple and inexpensive it is to comply with the regulations, some employers are likely to try and evade their responsibilities (as well as some employees who are not convinced they will benefit from participation). Global evidence shows that enhanced enforcement does not have to be expensive. Focusing enforcement efforts strategically (for instance, in key sectors and geographic areas) and coordinating with the government entities that provide services to employers can increase coverage at little or no additional cost.

Some non-Jordanians have access to social security programmes in their home countries. In such cases, the Jordanian government might usefully mandate and enforce participation in those programmes – including ensuring employers make contributions on behalf of their employees.

The policy approaches presented in the following paragraphs were developed to respond to the challenges faced in the agriculture sector. Although agriculture workers comprise only a small share of those lacking coverage, the case study provides lessons that are more broadly applicable. Perhaps surprisingly, the agriculture sector is similar to several other sectors in that most workers have relatively long-term employment arrangements and are fairly centrally located, many of the workers are non-Jordanians, and many employers have the financial capacity to make contributions to social security. Moreover, although the agriculture sector is unique in its legislative challenges (exemption from de jure coverage), expanded coverage in agriculture will also require addressing compliance and enforcement challenges that exist in other sectors.

We include here policy approaches that address each of the constraints outlined above. They are organized into three groups: those that address legislative gaps, those that address compliance and enforcement, and those that introduce new approaches. Table 13 summarizes these approaches in relationship to the characteristics and challenges.

They are presented singly, but more than one approach can be pursued in parallel as part of a multipronged strategy, as they are meant to complement and reinforce each other. In pursuing the agenda of extension of coverage, different work situations and sectors may

require different considerations and treatments, which can ultimately converge with the general social security scheme in the longer term. However, adaptations can cater to the unique situation of workers in the short and medium term.⁶⁴

Table 13. Summary of policy approaches and challenges.

Policy approach	Constraints addressed
Legislative Gaps	
1. Revise legislation to extend coverage to all sectors	Legislative gaps related to mandatory coverage
2. Revise legislation to allow all workers to participate in the SSC's "voluntary" programme	Legislative gaps related to access to voluntary coverage (but see concerns below with effectiveness of voluntary coverage approach)
3. Expand scope of mandatory coverage to all types of employment, including short-term workers and employers	Legislative gaps related to employment types (part-time, , etc.)
Compliance and enforcement	
4. Prioritize enforcement efforts, and complement with adequate incentives (including from other policy areas)	Inadequate enforcement (intentional non-compliance) and lack of incentives
5. Raise awareness	Non-compliance resulting from lack of awareness of regulations and processes
6. Enforce through other channels	Inadequate enforcement (intentional non-compliance)
7. Simplify administrative processes to encourage compliance	Non-compliance resulting from cumbersome administrative processes
New Approaches	
8. Subsidize contributions to targeted groups of workers and employers	Non-compliance resulting from inability to bear costs of contributions
9. Redefine contribution-benefit relationship to allow for more gradual coverage	Non-compliance resulting from inability to bear costs of contributions

⁶⁴ For instance, for the agricultural sector, contributions may be collected on a seasonal as opposed to a monthly basis. See the ILO (2019) guide for some examples.

10. Collect contributions from other parts of the value chain.	Inadequate enforcement (intentional non-compliance) and non-compliance resulting from cumbersome administrative processes
11. Ensure all residents are covered by social security through the Jordanian or host country system.	Inadequate enforcement (intentional non-compliance)

Policy approaches related to legislative gaps

Although by global standards Jordan’s legislation on social security is comprehensive, several legislative gaps still need to be addressed.

Policy approach 1: Include agriculture and domestic work in standard labour and SSC regulations

Revise Article 11 of the Labour Law No. 8 of 1996 and Social Security Law of 2014 to treat all sectors consistently.⁶⁵

The exclusion of agriculture and domestic work from standard labour and SSC regulations has created distortions in the labour market and is identified as one of the key reasons why Jordanian workers eschew agriculture work.⁶⁶ Eliminating this legislative gap would result in the de jure coverage of almost 240,000 additional workers who are currently excluded by legislation. Though the action would significantly increase de jure coverage, it is unlikely to result in a comparable increase in actual (de facto) coverage, because a large share of workers in currently de jure covered sectors are not actually covered by social security, for reasons related to compliance, enforcement and programme design features that discourage participation.⁶⁷ In other words, closing the legislative gap is a crucial step forward but will need to be complemented by additional policy actions.

Policy approach 2: Allow non-Jordanians to participate in the existing “voluntary” SSC programme

Revise Social Security Law of 2014 to allow participation in the SSC “voluntary” programme without discrimination based on nationality.

In addition to the basic programme, the SSC has a “voluntary” programme, initially designed for the self-employed but available to all Jordanians, including those excluded based on

⁶⁵ The Labour Code currently in force applies to “all workers and employers, except for public servants and municipal employees”, noting that “[a]gricultural and domestic workers, cooks and gardeners, as well as assimilated persons, are covered under by-laws to be issued for this purpose. Such text shall regulate their contracts, rest hours, inspection and any other issues concerning their employment.” (see Law No. 48 of 2008 amending the Labour Code). As of the writing of this note, the by-law for agriculture workers has not been issued.

⁶⁶ A common concern about extending mandatory coverage to agriculture is that many farmers (employers in agriculture) are poor or nearly poor. Although households that cultivate land (including employees and self-employed) are roughly representative of the population in the economic class (8 per cent are in the bottom quintile and 11 per cent in the top quintile, landowners are more likely to be wealthy (15 per cent in the bottom quintile and 24 per cent in the top quintile). Households that rent agricultural land are even more likely to be wealthy (13 per cent in the bottom quintile versus 29 per cent in the top quintile). The calculations are based on the Department of Statistics Household Income and Expenditure Survey 2017/2018.

⁶⁷ Recall that 41 per cent of workers in de jure sectors are not registered with SSC.

sector or duration of employment. Non-Jordanians, however, are not permitted to participate in voluntary the scheme. Eliminating this legislative gap could allow some non-Jordanian workers to access social security.⁶⁸ Implementation of this policy may face political opposition, based on the notion that only citizens should benefit from the “voluntary” SSC programme because it is subsidized.⁶⁹ As with policy option 1, closing this legislative gap is unlikely to result in a comparable increase in actual (de facto) coverage, in light of current experience with voluntary programmes. Only a small share of Jordanian workers take advantage of the “voluntary” programme.⁷⁰ The low participation in voluntary programmes has prompted many governments to move from voluntary to mandatory coverage.

Policy approach 3: Expand the scope of mandatory coverage for all employees employers and self-employed workers

Revise Social Security Law of 2014 and its coverage by-laws to provide for mandatory coverage for all employees, regardless of the number of days worked within a month, as well as part-time workers.

Establish mandatory coverage of employers and own-account workers - in line with and expanding from scope of coverage bylaws for self-employed coverage approved in 2020 - so as to overcome the limited effectiveness of the current “voluntary” scheme, while also establishing a mechanism to address affordability constraints faced by certain groups of workers and employers (see approaches 9, 10 below).

Policy approaches related to compliance and enforcement

While it is undoubtedly important, closing legislative gaps is unlikely to be sufficient to significantly increase coverage. Even when coverage is mandatory by legislation, de facto coverage will be lower than de jure coverage if information or enforcement is lacking or if the administrative procedures required to comply are burdensome. Regulatory actions must be complemented by actions that incentivize and enforce compliance; they must also be accompanied by efforts to clarify the regulatory framework and fill legislative gaps. Examples of countries that demonstrate how some of the following policy approaches have been pursued are referenced in Annex 5.

⁶⁸ Although the voluntary programme was designed primarily for the self-employed (own-account workers and employers), all Jordanians – including employees, contributing family workers and even those who are not in the labour force – are permitted to participate. Among the approximately 650,000 non-Jordanian workers in Jordan, the large majority are employees – and hence generally covered in the main mandatory SSC scheme – with only 47,000 own-account workers, 4,000 contributing family workers and fewer than 1,000 employers.

⁶⁹ Discussion on this option could be informed by actuarial calculations on the extent of the subsidy, as well as the extent to which non-Jordanian residents contribute to public revenue (e.g. through sales tax). If there is a strong desire to limit beneficiaries of the “voluntary” programme, several variations could be considered. For example, access to the programme could be restricted to individuals who are not covered under any other social security programme (e.g. non-Jordanian agriculture workers). A further limitation could restrict participation to individuals who have made long-term contributions to the Jordanian economy (e.g. those who have legally resided in Jordan for more than five years).

⁷⁰ Less than 16 per cent of eligible Jordanian workers take advantage of the voluntary programme. Internationally, voluntary programmes generally attract less than 10 per cent of those who are eligible to participate. See ILO (2019). Common reasons for similar programmes not having high coverage include lack of affordability of contributions for own-account worker programmes, as well as myopia and adverse selection.

Policy approach 4: Prioritize enforcement efforts through more effective inspection systems

Develop an electronic system that provides real-time alerts regarding non-compliant employers, and which prioritizes inspections based on analysis of the characteristics of employers most likely to evade Social Security regulations. Such changes need to be accompanied by efforts to simplify administrative procedures, raise awareness and communication as covered in other complementary policy approaches.

Scarce resources for enforcement are most effectively used when directed to the types of establishment that have the greatest tendency to evade compliance, as well as those that are least costly to inspect. Data analysis as a basis for identifying evasion risk is becoming increasingly common as governments shift towards electronic systems in both high- and low-income countries. For example, as part of India's Ease of Doing Business programme, labour inspectors in Maharashtra India receive automated alerts whenever potential cases of non-compliance are identified by the e-government system, which combines business licensing and electronic payment of wages and utilities. If warranted, the labour inspectors follow up on the alerts with inspections and enforcement measures. Jordan is well positioned to make use of risk-based inspections, given its strong e-government business platform, as well as the National Unified Registry and the recent increase in electronic payment of wages.

Several countries facing similar situations have developed instructions for identifying potential areas of non-compliance, which have been used both in enforcement and in awareness-raising. In Italy, for example, inspectors are trained to identify "bogus self-employment" in the construction sector, based on ownership of machinery and equipment and an understanding that bogus self-employment is particularly common among unskilled workers.

Policy approach 5: Raise awareness

Develop an awareness-raising programme regarding Labour Law and Social Security coverage, with a focus on temporary employment arrangements and what constitutes an employment contract.

As shown in the previous section, a large proportion of workers in informal employment are in long-term temporary employment – and are covered by law (de jure) – but are not registered with the Social Security Corporation de facto. The extent to which employers and employees know that they are de jure covered is not known. Anecdotal evidence suggests that many are unaware that coverage is mandatory for temporary as well as permanent employment and do not know whether a written contract exists. Moreover, there is a common misconception that most informal employment is self-employment and very short term (daily wage work).

Policy approach 6: Enforce through other channels

Any government agency can be a convenient checkpoint for SSC compliance. Brazil verifies social security compliance for all enterprises prior to awarding government contracts. In Morocco, fishermen must be enrolled in social security in order to obtain a fishing licence.⁷¹

⁷¹ See FAO (2019).

Jordan is well placed to implement coordination mechanisms across government entities, considering the progress it has made in e-government services. In particular, the Jordanian government can develop automated verification of social security compliance as a prerequisite to receipt of government services such as subsidized water, tax exemptions, soft loans or participation in public procurement processes.

Additionally, mechanisms can be set up to encourage employees themselves to register and identify where they work. Such mechanisms should be coordinated with awareness campaigns (to ensure that employees are aware of their rights) as well as becoming a process for SSC to follow up with employers.

Policy approach 7: Simplify administrative procedures

Making administrative processes less confusing or less time-consuming can reduce many non-compliance problems, especially for those with low levels of education or income. Globally, two types of adjustments have been particularly successful. Firstly, cell-phone based payment of contributions has dramatically simplified the administrative process in Columbia, Côte d'Ivoire, Kenya, Tanzania, Turkey, Uganda, Uruguay and Zambia. This approach could easily be adopted in Jordan, considering that half of Jordanian consumers already pay bills online, at ATMs, or by cell phone. Secondly, combining SSC contributions with business taxes into a single payment has been very successful in Uruguay, contributing to ease of doing business in general and tripling SSC coverage within three years. A simplified calculation of taxes and social security contributions could be implemented in Jordan by combining social security contributions, sales tax, business licensing and other similar financial payments – either by itself or in conjunction with a reduction in contributions. (See below regarding reduced contributions.)

Policy approaches providing new methods

Policy approach 8: Subsidize social security contributions for those unable to afford existing contribution rates

The fact that certain employees, employers or self-employed may not be able to afford to participate in the standard social security programme does not mean that they are totally unable to make contributions. Many Jordanian workers fall into what is sometimes called the “missing middle” – those who are unable to afford the contributions of existing social security programmes but are not poor enough to qualify for anti-poverty programmes such as the National Aid Fund.

Schemes to subsidize social security contributions for certain categories of workers are common around the world. Subsidies are sometimes explicitly funded from the public budget or implicitly built into the design of the system through solidarity among members (for instance, by allowing reduced levels of contribution for certain categories while maintaining the same, minimum, benefit entitlements for all members).⁷²

⁷² Many countries have been successful in reaching the missing middle with limited cost to the budget by subsidizing social security contributions targeting groups of employees, employers and self-employed workers. For some groups, subsidized contributory programmes could be more cost-effective than non-contributory programmes, thereby allowing limited public budgets to reach larger numbers of beneficiaries. In fact, the OECD has argued that subsidized contributions are likely to hold the key to unlocking society's willingness to save. See OECD (2019).

Of course, any subsidies to social security contributions to be provided by the public budget will be politically feasible only if there is transparency in the source of the budget, and only if the programme is targeted to those truly in need. Targeting can be accomplished in various ways: by focusing on the income of the workers themselves or the household poverty status;⁷³ or by addressing types of enterprises that typically have limited revenue, often on the basis of the number of employees, the sector employer asset ownership or other characteristics.⁷⁴ Setting a timeline for the duration of the subsidy while gradually phasing it out can help transition workers and employers into making full contributions.

In many countries, the agriculture sector is a major focus for subsidized contributions, owing to the high concentration of the poor in agriculture.⁷⁵ In Jordan, however, a multipronged approach would be needed, given that many of the poor work in other sectors, and because many farmers in Jordan are not poor. If special contribution subsidies were made available for the agriculture sector, further criteria may be useful to ensure that subsidies go to vulnerable employees and employers who could face affordability constraints. Farm size could potentially be used as a proxy for affordability, as it is the practice, for example, in Tunisia and Brazil. If farm owners with holdings of more than 1,000 dunums could be required to pay the full, unsubsidized, employer contribution, more than a third of employer contributions would not require subsidy.⁷⁶

Policy approach 9: Redefine contribution-benefit relationship – particularly for long-term retirement pension

Giving priority to ensuring full and mandatory coverage of short-term benefits, such as unemployment, sickness and maternity coverage for all workers currently excluded, could respond to immediate needs, vulnerabilities and preferences of workers, as well as demonstrate the value of social security and build trust in the system.

Considering that the largest share of social security contributions is allocated to financing long-term retirement benefits, another approach to addressing the lack of contribution affordability is to create multi-tier retirement schemes that allow for lower contributions along with correspondingly lower benefits. For example, the retirement system could be structured with a first tier – with more affordable contribution and reduced pension benefits, in line with minimum level of adequacy set in international conventions – which would be mandatory for all workers regardless of employment status. A second tier would provide

⁷³ Focusing on household poverty status can have a perverse incentive for encouraging women's employment and should therefore be used with caution.

⁷⁴ For example, in Oman a voluntary social insurance scheme for self-employed workers sets a contribution of 20 per cent for all self-employed workers, but with varying degrees of government subsidization depending on the income level (ESCWA, 2019). In Cabo Verde, older individuals are eligible for subsidized contributions if they fall below the poverty line and are not eligible for the main social security programme. Korea subsidizes contributions for all enterprises with fewer than ten employees. In Tunisia, self-employed workers are assigned to one of ten fixed income categories, based on their profession (in the case of non-agricultural self-employees), the size of the land lot they cultivate (in the case of agricultural self-employees) or their number of employees (in the case of employers) (ESCWA, 2019).

⁷⁵ For example, in Brazil, own-account workers with small holdings as well as agriculture employees are eligible for subsidized contributions. In Tunisia, self-employed workers are assigned to one of ten fixed income categories based on the size of the land lot they cultivate (in the case of agricultural self-employees) (ESCWA, 2019).

⁷⁶ If, for example, the cut-off was at 1,000 dunums, more than a third of farmland – and an even larger share of workers – could be covered under the currently designed programme, with the remaining two-thirds needing reduced contributions. Thirty per cent of farmland area is in farms of 1,000 dunums or more. Perhaps surprisingly, larger farms are more likely to use casual labour than smaller farms. Fifty-three per cent of farmland is in large holdings (1,000 dunums or more) compared with 34 per cent in small holdings (10 dunums or less). See Agricultural census of 2017 for more details.

mandatory coverage at higher levels of income replacement, wherever employees and employers are able to afford higher contributions (for instance, based on sector, firm size or other observable characteristics).⁷⁷

This type of multi-tier pension scheme needs to be carefully designed to address the local context, as well as international social security standards. Among other considerations, it is critical to ensure that contribution levels remain sufficiently high – or that solidarity or subsidy mechanisms are put in place where necessary – so that benefits can guarantee adequate standards of living for all contributing members. Participation in contributory schemes should be encouraged, and incentives to formalization should be set in place (for instance, by making certain that the difference between contributory and non-contributory benefits is sufficiently high for members to be encouraged to participate, rather than merely rely on the non-contributory programmes such as the National Aid Fund).

Policy approach 10: Collect contributions from other stages in the production value chain

Jordan's main social security programme is funded primarily by contributions collected from employees' wages or salaries and from employers, in both cases considered part of the compensation employers give to employees. This approach works less well, however, when there are numerous short-term employment arrangements (making tracking contributions cumbersome) or when the employment relationship itself is ambiguous (for example, in the case of casual workers). In principle – and as evidenced in the empirical literature – social security contributions could be collected from anywhere along the value chain; the full cost of the final product is paid by the consumer, no matter where along the value chain compensation is paid.⁷⁸

Several countries address challenges in collecting contributions by shifting the point in the value chain where the contributions are collected. In the Indian construction industry, for example, collection of contributions is cumbersome owing to employment arrangements that involve several levels of subcontractors, as well as a large amount of day labour. To address this challenge, contributions are collected in the form of levies paid by principal contractors, based on the total value of the construction contract, successfully reaching more than 70 per cent of workers.⁷⁹ Another successful approach has been to collect contributions from recruitment and placement agencies, as has been done for Filipino migrant workers in several countries. In a third example, cell phone based ride-hailing applications in Indonesia and Uruguay automatically take a small fee from consumers which is then transferred to the drivers' social security. Morocco overcame practical challenges by automatically deducting

⁷⁷ For example, in Tunisia, agriculture workers are mandatorily covered in a basic social security scheme with a reduced contribution rate and a more limited range of benefits that excludes family and survivors' benefits (ESCWA, 2019).

⁷⁸ Extensive literature has empirically examined the impact of collecting social security from the employer versus the employee. Although there are variations (presumably related to awareness), the literature generally finds little impact on the total compensation received by the worker. That is, when contributions are taken from the employer, cash compensation (wages or salaries) are correspondingly lower and vice versa. See Metcalf G, Fullerton D. "The Distribution of Tax Burdens: An introduction. NBER Working Paper (2002), Kotlikoff L, Summers L. Tax Incidence" From Handbook of Public Economics (1987)

⁷⁹ By collecting contributions from larger and more formal enterprises (further along the value chain), India's Worker Welfare Funds that collect social security contributions succeed in high compliance and simple enforcement. Coverage of construction workers reaches more than 70 per cent in many states, and similar programmes have been developed for agriculture and transport sectors in some Indian states.

social security contributions from workers in fisheries at the point of sale.⁸⁰ Similar approaches may be useful in Jordan, especially given the large number of dependent self-employed workers, as well as addressing the social protection of those who work for different employers each day or each week. In the agriculture sector, for example, many Syrians work as day labourers with recruiters acting as the intermediary between the workers and the farm owners. For day labourers, contributions could be collected through the recruiters. For agriculture workers in general, contributions might usefully be collected through agricultural marketing companies, based on payroll, farm size or volume of sales.

Policy approach 11: Develop approaches to ensure all residents of Jordan are covered by social security – whether through the Jordanian system or through their home country systems

Many countries require workers who are not citizens to be covered by social security, through local programmes or programmes in the worker's home country.⁸¹ Coverage under host country systems is generally simpler and easier to verify. Some governments require the use of host country systems even for seasonal workers as part of their overall efforts to control the number of migrant workers and their impact on the host economy.⁸²

Where migrant workers are covered by host country systems, it is important to establish mechanisms to ensure that they can become eligible to, and benefit from, social security despite the challenges that result from their mobility. Bilateral and multilateral Social Security Agreements (SSAs) are mechanisms adopted to enable coordination between social security schemes of two or more countries to ensure portability of social security entitlements accrued or in course of acquisition. SSA are becoming more common globally;⁸³ however, the SSC has not established agreement of this nature with any other country so far.

Where migrant workers are covered by home country systems, host governments have an important role to play in enforcing participation (including enforcement of employer contributions), facilitation of sending contributions to home country systems, and allowing workers to file claims from the host country for health and employment injury. The potential to coordinate with home country programmes varies; several of the home countries of migrant workers in Jordan have programmes intended for migrant workers, with the Philippines having the most advanced programme.⁸⁴ In most cases, the scope of benefits provided is limited, participation is voluntary, and there is contribution from workers – and in some cases governments of origin – but not from employers. Moreover, in some cases, workers may have legitimate concerns about the reliability and financial sustainability of social security institutions in countries of origin.

⁸⁰ See ILO (2019) and, for example, also FAO (2019).

⁸¹ German legislation, for example, requires that migrant workers participate in the German social security programme unless they can prove they are covered in their home country. Belgium also requires coverage, with the option to use home country systems for workers who are in Belgium five years or less.

⁸² The Korean programme that provides social security to seasonal migrant workers, with contributions paid by both employers and employees, won the UN Public Service Award for its transparency and successful anti-corruption efforts.

⁸³ A mapping of SSA, carried out recently by ISSA, noted that there are approximately 500 social security agreements worldwide (ISSA, 2020 forthcoming).

⁸⁴ The Philippine government requires recruitment agencies to provide life and personal accident insurance, while workers themselves are required to contribute to pension and health insurance programmes. Although there is minimal involvement by the host countries, the Philippine government has ten bilateral agreements that allow Filipinos to file claims in the host countries. The Egyptian social security system was designed on the assumption that migrant workers would participate in host country programmes, though migrant workers can voluntarily participate in their home country system.

The majority of non-Jordanian workers are subject to the Social Security Law in Jordan, but many are not covered in practice, as a result of non-compliance with social security obligations.⁸⁵ For this group, enhancing enforcement mechanisms (see Policy Approaches 4–7) and ensuring increased portability of benefits – for example, establishing a bilateral social security agreement with Egypt – should be the priority. For other categories, extending the scope of legal coverage of the social security systems to currently excluded sectors and employment arrangements (agriculture and domestic work – Policy Approach 1 – or part-time workers – Policy Approach 1) would bring a significant number of non-Jordanian workers within the scope of legal coverage. In the absence of these reforms, efforts to facilitate coverage through the existing voluntary scheme (Policy Approach 2) or schemes provided by home countries should be facilitated.

Ensuring universal coverage of non-Jordanian workers – by mandating and encouraging participation in Jordanian systems, home country systems, and better coordination across Jordanian and home country systems – could extend coverage to the 625,000 informally employed non-Jordanian workers.

⁸⁵ Note that among the approximately 650,000 non-Jordanian workers in Jordan, the large majority are employees, with only 47,000 own-account workers, 4,000 contributing family workers and fewer than 1,000 employers.

Section 7. Conclusions

This note analyses the characteristics of workers in Jordan who are not registered with SSC and outlines a range of policy approaches for extension of coverage. In doing so, it further provides input for transition of workers and enterprises from the informal economy to the formal economy (ILO Recommendation No. 204). Identification of the characteristics of unregistered workers is useful, both as an indication of the challenges to expanding coverage and to target coverage expansion efforts.

Three key findings emerge from the analysis. Firstly, the large majority of workers lack de facto social security coverage because of gaps in compliance and enforcement of regulations: less than a quarter of unregistered workers are excluded de jure. Secondly, citizenship is a strong determinant of SSC registration: Jordanians are significantly more likely to be registered with SSC, no matter what type of job they hold. Thirdly, apart from nationality, unregistered workers broadly reflect the workforce as a whole: workers with long-term contracts, service sector workers, and residents of urban areas comprise the bulk of unregistered workers.

The policy approaches presented in this report are not mutually exclusive. In fact, a combination of complementary policy approaches will undoubtedly be needed to address the diversity of challenges that exist in Jordan. For example, filling regulatory gaps and clarifying ambiguities is undoubtedly important but will not address challenges that are due to inadequate compliance and enforcement. A comprehensive strategy for the extension of social security coverage is required and will allow to articulate and prioritize key recommendations and measures at the different levels into a coherent action plan.

In developing such a strategy, it will be crucial, going forward, that further effort is placed on two types of actions. Firstly, additional analysis will be needed to determine the extent to which workers and employers accurately understand their rights and responsibilities, as well as to determine the financial implications of the various approaches. Secondly, and more importantly, public discussions – including government agencies as well as representatives of workers and employers, and particularly those representing workers in the informal economy – need to be held. Such discussions are essential to building a shared agreement on which policy approaches are consistent with Jordanian values, and which are feasible given Jordan's institutional and financial capacity.

Annex 2. Other Employment-Related Social Protection Programmes

A variety of additional protections are provided to employees who are subject to the provisions of the Labour Law and based on employer liability.⁸⁶ In particular, they have a right to the following:

- **Sickness leave.** Employees are entitled to 14 days of sick leave with full pay per year. Leave is renewed for a further 14 days with full pay in the case of hospitalization, or with half pay based on a medical report approved by the establishment.
- **Annual leave.** Employees are entitled to a minimum of 14 days of annual leave with full pay per year, increasing to 21 days with full pay per year for employees who have worked for the same employer for more than 5 years. The employer has the right to schedule the employee's annual leave, provided the decision is made within the first month of the year.
- **Maternity leave.** Women who work for establishments with more than ten employees are entitled to a leave without pay for a maximum of one year to look after their children. (This protection is over and above the paid maternity leave received by those covered by the SSC.)

In addition, employees who are subject to the Labour Law but who are not protected by the Social Security Corporation are entitled to:

- **Invalidity or disability benefits.** If a work injury results in the employee's death or total disablement, the employer must pay a compensation of 1,000 dinars. If work injuries result in temporary disablement, the employees have the right to a daily allowance equivalent to 75 per cent of their average daily wage.
- **End-of-service benefits.** Employees who are employed for an indefinite period (open-ended employment arrangement) are entitled to a benefit, paid by the employer upon termination of service (for any reason). The benefit amount is equivalent to one month's wage for every year of service, based on the most recent wage.

As indicated above, although the Labour Law does not cover domestic workers, it states (as amended in Law No. 48 of 2008) that "[a]gricultural and domestic workers, cooks and gardeners, as well as assimilated persons are covered under by laws to be issued for this purpose. Such text shall regulate their contracts, rest hours, inspection and any other issues concerning their employment.". The by-law for agriculture workers has not been issued as of the writing of this report.

For domestic workers, the relevant regulations are contained in the by-law "Regulation of Domestic Workers, Cooks, Gardeners and Similar Categories" of 2009 and "Instructions for

⁸⁶ For specific conditions and further details see the Labour Law No. 8 of 1996 and Interim Law No. 26 of 2010 amending the Labour Code.

Insurance Policies for Domestic Workers” of 2015.⁸⁷ These regulations mandate the following employer-provided social protections:

- **Basic income security for children.** None.
- **Basic income security for persons of working age.** Workers shall be entitled to sick leave with pay for a period of 14 days per one single year. Workers shall be entitled to annual leave with pay for a period of 14 days, as may be agreed upon with the householder. A lump sum benefit is paid in case of permanent disability from an accident (through mandatory insurance contract paid by the employer). Separate amounts are specified if the permanent disability is full or partial. No coverage of unemployment or maternity leave.
- **Basic income security for older persons.** A lump sum survivor benefit is paid in case of accidental death (through mandatory insurance contract paid by the employer).
- **Access to essential healthcare.** Medical care that is performed in a hospital (through mandatory insurance contract paid by the employer).⁸⁸

In addition to the above, the following non-contributory social protection measures that are not directly linked to employment are available in Jordan, although the legal framework does not mandate coverage:

- **Basic income security for children, persons of working age and older persons.** The National Aid Fund and the Zakat Fund provide cash and in-kind benefits to reduce poverty among Jordanian citizens, while the Zakat Fund also includes non-Jordanians.
- **Access to essential healthcare.**⁸⁹ The Ministry of Health provides free health insurance for Jordanians who are under 6 years of age, aged 60 or more, pregnant, or classified as poor. Non-insured persons, including non-Jordanians, can receive healthcare through the Ministry of Health at subsidized rates.⁹⁰

Access to Health Insurance⁹¹

The system of social health protection in Jordan is fragmented. Health insurance can be obtained from a variety of sources. In addition to obtaining health insurance through schemes voluntarily provided by employers,⁹² health insurance can be purchased from private providers, and the Government of Jordan provides health insurance to several categories of citizens through the Royal Medical Service (RMS) and Civil Insurance Programme (CIP), which cover, respectively, active and retired uniformed personnel and civil

⁸⁷ The mandatory insurance policy also covers financial losses to the employer if the employee refuses to work or runs away through no fault of the employer.

⁸⁸ The Instructions indicate that the insurance policy does not provide benefits to the employee in certain circumstances including dental care (unless due to an accident), reproductive care, back problems (unless due to an accident) and psychiatric care.

⁸⁹ Unlike in many countries, Jordan has affordable medical care available to all, so few people fall into poverty as a result of health expenditures. See National Social Protection Strategy and background documents for more information.

⁹⁰ See National Social Protection Strategy and background documents. Note that non-insured individuals (including non-Jordanians) pay approximately 20 per cent of the true cost of health services at public facilities. Private healthcare is also available and is inexpensive relative to other countries.

⁹¹ See National Social Protection Strategy and background documents for more information.

⁹² These are most common for large companies that provide insurance to their employees (either self-insured or through local private insurers), some professional funds (for doctors and lawyers for example) and universities (for staff and students).

servants and their dependents. Non-insured persons, including non-Jordanians, have access to subsidized healthcare through the Ministry of Health.⁹³

As Table A.1 shows, 36 per cent of Jordanian workers and 76 per cent of non-Jordanian workers lack health insurance. Although coverage is not specified by law and is not tied to social security coverage, employees are more likely to be covered by health insurance than are other categories of workers.

Table A.1. Share of workers without health insurance coverage (de facto).

	Jordanians with health insurance	Jordanians without health insurance	Jordanians total	Non-Jordanians with health insurance	Non-Jordanians without health insurance	Non-Jordanians total
Employee	69 %	31 %	100 %	24 %	76 %	100 %
Own-account worker	58 %	42 %	100 %	23 %	77 %	100 %
Employer	46 %	54 %	100 %	18 %	82 %	100 %
Contributing family worker	57 %	43 %	100 %	24 %	76 %	100 %
Total	64 %	36 %	100 %	24 %	76 %	100 %

Source: DOS Household Income and Expenditure Survey, 2017.

Among employees, 43 per cent receive health insurance through their employer. This is a significantly smaller share than the 52 per cent whose employers contribute to social security on their behalf. As with employer-provided social security, there is a large difference between Jordanian employees and non-Jordanian employees: 77 per cent of Jordanian employees receive health insurance through their employer compared with 7 per cent of non-Jordanian employees.

⁹³ The following categories are exempted from healthcare fees for services offered by MoH facilities or receive a subsidized health card from CHI: all Jordanian children (and children of Gazans) under 6 years old; elderly Jordanians 60 years old and above; residents of areas classified as least fortunate and remote; citizens classified as being poor by the Ministry of Social Development and Beneficiaries of the National Aid Fund; Families whose head of household has 75 per cent disability or greater; Families in which one member is an organ donor (valid for five years); blood donors (valid for six months); pregnant women.

Annex 3. Jordan's position vis-à-vis international standards in the area of social protection

This section identifies the key international conventions and recommendations addressing employment-related social protections. It also summarizes Jordan's official position (ratification status) on those conventions.

Key international conventions and recommendations in the area of social protection⁹⁴

Eight Conventions and nine Recommendations set international standards in the field of social protection. They establish qualitative and quantitative benchmarks which together determine minimum standards of social protection. In addition, they set out common rules of collective organization, financing and management of social protection as well as principles for good governance of national systems.

Social Security (Minimum Standards) Convention, 1952 (No. 102) identifies a set of nine contingencies (medical care, sickness, unemployment, old age, employment injury, family responsibilities, maternity, invalidity and survivorship) and sets out the minimum standards States should commit to meeting for each contingency. The Convention contains a number of clauses which allow Member States flexibility in reaching its objectives. This is done first by allowing ratifying States to accept as a minimum three out of the nine branches, with at least one of those three branches covering a long-term contingency or unemployment, and with a view to extending coverage to other contingencies at a further stage. In addition, the scope of personal coverage provides alternatives that take into account differences in the employment structure and in the socio-economic situation of Member States, as well as between the different categories of residents within a State. The Convention also provides flexibility as to the type of schemes Member States may establish, including non-contributory (universal or means-tested) or contributory social insurance schemes (with earnings-related or flat-rate components, or both).

Social Protection Floors Recommendation, 2012 (No. 202) provides guidance on closing social protection gaps through the establishment and maintenance of comprehensive systems. It calls upon States to achieve universal coverage with at least minimum levels of protection through the implementation of social protection floors. That guarantees effective access to essential healthcare and basic income security at a level that allows people to live in dignity throughout the life cycle.

Equality of Treatment (Social Security) Convention, 1962 (No. 118) addresses the issue of the social security of migrant workers. It provides that, for each social branch accepted under the Convention, a ratifying State undertakes to grant equality of treatment to nationals of other ratifying States with its own nationals (including refugees and stateless persons if specifically accepted) within its territory.

Maintenance of Social Security Rights Convention, 1982 (No. 157) and accompanying Recommendation complement Convention No. 118 by applying to all branches, regardless of

⁹⁴ This subsection is largely taken from ILO Building Social Protection Systems (2019).

the type of scheme: general and special, contributory and non-contributory as well as schemes consisting of obligations imposed on employers by legislation.

Employment Injury Benefits Convention, 1964 (No. 121) and accompanying Recommendation address protection in case of a morbid condition, incapacity for work, invalidity or loss of faculty due to an industrial accident or a prescribed occupational disease, and the loss of support as a result of the death of the breadwinner following employment injury.

Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128) and accompanying Recommendation regroup the three long-term benefits branches into one instrument and extend coverage to all employees, including apprentices, or not less than 75 per cent of the whole economically active population, or all residents whose means during the contingency do not exceed certain limits.

Medical Care and Sickness Benefits Convention, 1969 (No. 130) and accompanying Recommendation cover both medical care benefits and cash sickness benefit, reflecting the trend to establish comprehensive health insurance systems. All employees, including apprentices, or at least 75 per cent of the economically active population, or all residents whose means do not exceed certain limits should be covered for both contingencies.

Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168) and accompanying Recommendation consist of two parts: the protection of unemployed persons through the provision of benefits in the form of periodical payments, and the promotion of employment. They recognize the value of linking social protection and economic policies directed at the goal of promotion of full, productive and freely chosen employment.

Maternity Protection Convention, 2000 (No. 183) and accompanying Recommendation state that all employed women, including those in atypical forms of dependent work, should be covered for pregnancy, childbirth and their consequences. Protection includes paid maternity leave, relevant medical benefits, work breaks for breastfeeding and provisions for health and employment protection and non-discrimination.

Income Security Recommendation, 1944 (No. 67) and the **Medical Care Recommendation, 1944 (No. 69)** establish a system of income security and medical care protection for each of the nine classic branches of social security in addition to general neediness, with the objective of relieving want and preventing destitution.

Several additional Conventions and Recommendations address particular matters and make provisions for protection of specific categories of workers and sectors. For example, the **Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204)**, provides guidance for improving the protection of workers in the informal economy and extending social security coverage to this group. The **Part-Time Work Convention (No. 175)** provides guidance on fair treatment of employees who work fewer hours than most other workers. The **Domestic Workers Convention, 2011 (No. 189)** addresses measures to ensure that domestic workers enjoy conditions that are not less favourable than those applicable to workers generally. The **Labour Inspection (Agriculture) Convention, (No. 129)** provides guidance to ensure that agriculture workers de jure protections are enforced in practice.

Jordan's official position on key international conventions and recommendations in the area of social protection

Table A.2 summarizes Jordan's official position (ratification status) on the key conventions and recommendations relevant to social protection coverage of workers. Jordan has ratified the ILO Convention on Minimum Standards of Social Protection, particularly in relation to branches of old age, survivors, invalidity and employment injury benefits, but has not ratified higher levels of standards for specific branches or groups.

Table A.2 Ratification status of Jordan regarding key conventions and recommendations

Convention/Recommendation	Jordan's ratification status ⁹⁵
Social Security (Minimum Standards) Convention, 1952 (No. 102).	Jordan has ratified areas regarding old-age, employment injury, invalidity and survivors' benefits. ⁹⁶ Jordan has not ratified areas regarding medical care, sickness, unemployment, family and maternity.
Social Protection Floors Recommendation, 2012 (No. 202)	Recommendations are not subject to ratification
Equality of Treatment Convention, 1962 (No. 118). The convention grants equality of treatment to nationals of other ratifying States (and their dependents) with its own nationals (including refugees and stateless persons). The convention covers the nine areas of social protection.	Jordan has ratified branches c, d, f and g.
Maintenance of Social Security Rights Convention, 1982 (No. 157)	Jordan has not ratified.
Employment Injuries Benefits Convention (No. 121)	Jordan has not ratified.
Invalidity, Old Age and Survivors' Benefits Convention, 1967 (No. 128)	Jordan has not ratified.
Medical Care and Sickness Benefits Convention, 1969 (No. 130)	Jordan has not ratified.
Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168)	Jordan has not ratified.
Maternity Protection Convention, 2000 (No. 183)	Jordan has not ratified.

⁹⁵ Taken from https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:1200:P11200_COUNTRY_ID:103201

⁹⁶ Jordan has accepted parts V, VI, IX and X.

Income Security Recommendation, 1944 (No. 67) and Medical Care Recommendation, 1944 (No. 69)	Recommendations are not subject to ratification
Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204)	Recommendations are not subject to ratification
Domestic Workers Convention, 2011 (No. 189)	Jordan has not ratified.
Labour Inspection (Agriculture) Convention (No. 129)	Jordan has not ratified
Part-Time Work Convention (No. 175)	Jordan has not ratified.

Annex 4. Statistical Tables

Table A.3 shows the percentage of each group lacking de facto social security coverage based on the 2018 Labour Force Survey conducted by the Jordanian Department of Statistics. In addition to the statistical tables presented below, the reader may want to refer to the accompanying file, "data annex.xls."

Table A.3. Percentages of each group lacking social security coverage.

	Jordanian	Non-Jordanian	All nationalities
Employment status			
Contributing family workers	90 %	99 %	92 %
Employers	65 %	96 %	70 %
Own-account workers	70 %	98 %	78 %
Employees	24 %	93 %	48 %
All employment status	31 %	93 %	52 %
Duration of employment agreement			
temporary daily agreement	98 %	99 %	99 %
temporary weekly agreement	99 %	100 %	100 %
temporary monthly agreement	64 %	98 %	84 %
temporary less than one year agreement	50 %	97 %	77 %
temporary one year or more agreement	43 %	94 %	72 %
permanent contract	14 %	87 %	30 %
Main industry (sector) of work			
Agriculture, forestry and fishing	91 %	98 %	97 %
Mining and quarrying	21 %	82 %	38 %
Manufacturing	37 %	90 %	55 %
Electricity, gas, steam and air conditioning supply	10 %	21 %	10 %
Water supply, sewerage, waste management and remediation activities	41 %	85 %	57 %
Construction	75 %	96 %	89 %
Wholesale and retail trade; repair of motor vehicles and motorcycles	62 %	92 %	72 %
Transportation and storage	54 %	81 %	56 %
Accommodation and food service activities	48 %	85 %	65 %
Information and communication	10 %	39 %	13 %

Finance and insurance activities	5 %	100 %	5 %
Real estate activities	32 %	NA	32 %
Professional, scientific and technical activities	19 %	65 %	24 %
Administrative and support service activities	30 %	96 %	89 %
Public administration and defence; compulsory social security	0 %	8 %	0 %
Education	5 %	67 %	8 %
Human health and social work activities	8 %	71 %	14 %
Arts, entertainment and recreation	31 %	78 %	47 %
Other service activities	64 %	94 %	76 %
Activities of households as employers; undifferentiated goods and service-producing activities of households for own use	91 %	97 %	97 %
Activities of extraterritorial organizations and bodies	28 %	78 %	61 %
Estimated number of employees at the workplace			
<10 persons	65 %	98 %	85 %
10–19 persons	23 %	97 %	41 %
20–49 persons	10 %	89 %	21 %
50–99 persons	5 %	88 %	19 %
100 persons and more	5 %	51 %	15 %
Gender⁹⁷			
Male	27 %	93 %	52 %
Female	11 %	88 %	29 %
Age			
15–19	59 %	96 %	77 %
20–24	30 %	91 %	46 %
25–29	23 %	93 %	48 %
30–39	19 %	94 %	49 %
40–49	22 %	93 %	47 %
50–59	24 %	85 %	42 %
60	35 %	92 %	56 %
Education			
Elementary or less	53 %	95 %	83 %
More than elementary but not more than secondary	31 %	94 %	53 %
More than secondary	10 %	83 %	23 %

⁹⁵ As mentioned earlier, this data is based on surveys of employees, not of enterprises. For this reason, as well as the fact that 61 per cent of employees said they did not know how many employees are at their workplace, this data should be considered indicative only.

Nationality			
Egyptian	NA	94 %	NA
Syrian	NA	96 %	NA
Iraqi	NA	68 %	NA
Other Arab	NA	76 %	NA
Non-Arab	NA	88 %	NA

Annex 5. Brief review of international experience in expanding coverage of social security

Table A.4. Examples of international experience in expanding coverage of social security.

Jordanian typology	International examples
<p>Nationality. Non-citizens are often more vulnerable, have less knowledge of rights and less recourse. Support for tax-financed social protection is likely to be higher for citizens. (Note that in Jordan, citizens have access to voluntary coverage in SSC, but this is not available to non-citizens.)</p>	<p>Coverage of all residents</p> <ul style="list-style-type: none"> • Zanzibar: Universal old-age pension for all Zanzibar residents of at least 10 years who are over the age of 70. • Chile: The social security agency operates non-contributory social assistance for poor elderly and top-ups for workers with low contributory capacity. • Other tax financed programmes • South Africa: Provision of child support grants for children, Care Dependency Grant for children with disabilities, a Disability Grant for those aged between 18 and 59 years, and an old-age pension for those 60 and above. In addition, recipients of the Disability and Old Age Grant can access additional grants to support the cost of carers. • Thailand: All Thai citizens are entitled to essential health services at all life stages. District health systems enable individuals to seek care or referral at health units close to home. • Brazil: A financial transaction tax levied on various types of financial instruments (bonds, foreign currency transactions, derivatives and bank debits and credits) to generate revenue for the provision of social services. • Indonesia: Product subsidies shifted to cover social security contributions of poorer employers, using proxies like business size, land holdings and number of employees to determine needs. • Rwanda: The health insurance system collects small contributions from nearly all beneficiaries – even where highly subsidized management of the system is under the social security agency. • Voluntary programmes • Global experience shows that voluntary schemes are largely unsuccessful in extending adequate coverage, while mandatory coverage can have negative unintended consequences (implicit tax on formal jobs). • India: Voluntarily insured persons pay flat-rate contributions of 10 rupees a month. • Access to home-country social security programmes • Philippines: Recruitment agencies for Filipino migrant workers are required to provide life and personal accident insurance as well as the initial contribution to the Overseas Workers Welfare Administration.

<p>Economic activities – services and transportation. Jordan is unusual among middle income countries in that a very large share of workers (and workers who are not protected by employment-related social protection in particular) work in services. Many employees work in retail sales, restaurants and hotels, many of which are small businesses with narrow profit margins. Many own-account workers drive taxis and small buses. In most cases, these workers are de jure covered although they are not de facto covered.</p>	<p>Simplification and reduced contributions (including through tax financing) to encourage small businesses and own-account workers to participate</p> <ul style="list-style-type: none"> • Argentina, Brazil, Spain, Uruguay: Introduction of a single flat payment for individuals, which covers taxes and social security contributions (monotax). • Uruguay: Members can choose from one of six schemes with fixed contributions linked to a simple set of benefits. • Use of technology for simplification • Tanzania: A service developed by Vodacom allows beneficiaries to make their contributions directly from their cell phones. • Philippines: Self-service terminals and smart cards allow users to obtain information on contribution payment, balances and information on loans. • Kenya: Mobile phone technology used to adapt contributions to irregular and fluctuating incomes. • Mexico: Use of biometric identification management system to authenticate beneficiaries at enrolment centres across the country. • Mauritania: Reimbursement of insured persons using SMS to reduce the cost of bank transfers, improve information flow and reduce costs related in inquiries. • Uganda: Mobile phone service delivery, where members can send SMS messages to the social security fund and receive automatic information about balances. • Improved enforcement • Uruguay: Special unit set up to visit domestic workers inside private homes and verify their registration and employer or employee contributions. • Finland, France and the Netherlands: Agriculture inspection combined with Occupational Safety and Health awareness raising for workers and employers. • Italy: Inspectors are trained to identify “bogus self-employment” in the construction sector based on ownership of machinery and equipment and an understanding that bogus self-employment is particularly common among unskilled workers. • France, Saudi Arabic, Spain and Uruguay: Shared databases used to detect evasion and fraud. • Incentives to register businesses • Brazil: The government verifies social security compliance for all enterprises prior to awarding government contracts. • Egypt: Anyone taking a loan from a government agency needs to show that they are contributing to social security. • Algeria: Temporary reductions in contributory rates for employers who register formally for the first three years (level of subsidies is gradually tapered off).
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<p>Economic activities – agriculture. Agriculture workers are vulnerable because inspectors rarely enter small farms. Agriculture workers are often non-citizens and in short-term employment arrangements, which can add to their vulnerability. In Jordan, as in many countries, most agriculture workers are not de jure covered by social security nor by the general Labour Law. In Jordan, no alternative legal framework has been established for agriculture workers.</p>	<p>Programmes designed for rural areas</p> <ul style="list-style-type: none"> • Brazil: Semi-contribution-based rural pensions are managed by the Ministry of Social Security to which rural workers and producers contribute an amount equivalent to 2.1 per cent of their production sold each year. • Agriculture-specific programmes • Tunisia: Female agriculture workers earning less than \$3 per day can register into the national Health Insurance Fund and National Social Security Fund without an employer, paying 0.20 cents a day for coverage. • Norway and Austria: All farmers have subsidized contributions.
<p>Short term work. In Jordan, as in many countries, workers with short-term arrangements (for example, day labourers) are not de jure covered by social security. Even those whose work arrangement meets the criteria for de jure coverage (who represent the majority of temporary workers) may be unaware of their rights.</p>	<p>Programmes designed for seasonal income</p> <ul style="list-style-type: none"> • Brazil: the National Social Insurance Institute identifies three categories: employees, individual contributors, and the special insured. The “Special insured” scheme allows subscribers to adapt the payment of contributions according to variation in the market value of their produce. • Costa Rica: The contribution rate of independent workers is determined in terms of a part of their monthly income, set at a rate close to the level of country’s minimum salary. • France: A seasonal worker is eligible for unemployment benefits after having contributed to the scheme for a minimum period of 24 weeks work in the last two years. • Australia: All employers are required to pay additional 9 per cent of the employee’s salary into Australian public retirement fund. Seasonal migrant workers can claim back their contributions as a lump sum payment upon departure from Australia. • Programmes that may have similar issues • India: Contributions collected in the form of levies paid by principal contractors based on the total value of the construction contract (India’s Worker Welfare Fund). • Awareness and communication • Uruguay: Rights and responsibilities for social security in the core curriculum for students in high school, vocational education and universities.

Own-account workers. Own-account workers are required to pay very large contributions to social security (both employee and employer portions) which can be difficult especially for those with narrow profit margins. Some own-account workers are in dependent relationships and are more accurately categorized as employees.

Programmes specifically for own-account workers

- Germany: The social security programme for workers in the arts sector (writers, artists, performers) is funded largely from establishments that rely on arts workers. Publishers, museums, theatres and other similar establishments are required to make contributions based on the total number of days they have contracted with workers in the sector. The system is also funded by the workers themselves and by the final consumers, and subsidized by the government.
- Spain: Self-employed workers who receive at least 75 per cent of their income from a single client or employer are referred to as “dependent self-employed workers” and are required to be covered by employment injury insurance.
- Italy and Germany: Self-employed workers who receive at least 75 per cent of their income from a single client or employer are referred to as “dependent self-employed workers” and are required to be covered by all branches of social security.
- India/Uruguay: Users of ride-hailing apps pay a small fee for the service, that is directly transferred to drivers’ social security.

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