



International  
Labour  
Organization

# **THE IMPACT OF THE SYRIAN REFUGEE CRISIS ON THE LABOUR MARKET IN JORDAN:**

## **A PRELIMINARY ANALYSIS**

**THE IMPACT OF THE SYRIAN REFUGEE CRISIS ON THE LABOUR MARKET IN JORDAN:  
A PRELIMINARY ANALYSIS**

**2014**

**SALEM AJLUNI AND MARY KAWAR**

**INTERNATIONAL LABOUR ORGANIZATION  
REGIONAL OFFICE FOR THE ARAB STATES**

Copyright © International Labour Organization 2014  
First published 2014

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: [pubdroit@ilo.org](mailto:pubdroit@ilo.org). The International Labour Office welcomes such applications.

Libraries, institutions and other users registered with reproduction rights organizations may make copies in accordance with the licences issued to them for this purpose. Visit [www.ifrro.org](http://www.ifrro.org) to find the reproduction rights organization in your country.

---

*ILO Cataloguing in Publication Data*

The impact of the Syrian refugee crisis on the labour market in Jordan: a preliminary analysis / ILO Regional Office for Arab States - Beirut: ILO, 2014

ISBN 9789221287339 (web pdf)

---

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: [pubvente@ilo.org](mailto:pubvente@ilo.org) Visit our website: [www.ilo.org/publns](http://www.ilo.org/publns)

For ILO publications in Arabic, please contact:

ILO Regional Office for Arab States  
P.O.Box 11-4088 Riad El Solh 1107-2150  
Beirut – Lebanon

Publications in Arabic are available on: [www.ilo.org/arabstates](http://www.ilo.org/arabstates)

## Table of Contents

Preface .....	5
Summary and main outcomes .....	6
I. Labour market and employment in Jordan: The pre-crisis situation .....	8
1.1 Working population, employment and unemployment.....	8
1.2 Structure of employment.....	9
1.3 Wages and the working poor.....	10
1.4 Conditions of work and increasing labour protests.....	12
II. Impact of the Syrian conflict on the labour market and employment .....	14
2.1 Estimating the refugee population .....	14
2.2 Estimating the refugee working population in the Jordanian labour market .....	15
2.3 Assessing employment impacts on Jordanians.....	18
2.4 Assessing wage impacts.....	21
III. Conclusions and recommendations .....	22
References .....	26
Appendix I .....	28

## Preface

Promoting employment creation is challenging in the best of circumstances, and far more so in conflict and refugee situations. Job creation is complex and takes time, and cannot be treated or monitored as easily as the delivery of humanitarian aid. Nevertheless, employment, livelihoods and decent work remain a key to the successful resilience and recovery of crisis-affected people. Moreover, generating employment is crucial to building social cohesion and peace. As a technical agency with a clear social development mandate – the decent work agenda – the ILO functions differently than most humanitarian response agencies. As such, the ILO response strategy for the Syrian Refugee crisis in both Syria and Lebanon is development-focused in its support of refugees and host communities and aims to preserve social and economic stability at national levels. The ILO strategy builds on its core mandate in the promotion of employment, social dialogue, social protection, and international labour standards. The multi-faceted nature of this crisis cuts across many of the ILO interventions in Jordan, including expanding decent work opportunities, addressing child labour, working conditions, extending social protection and enhancing youth employment.

This report comes within the framework of the ILO response and, in particular, the need to have an intermediate assessment of the employment impact of the Syrian refugee crisis until a time when more direct and comprehensive data is available. A shorter version of this report was first prepared as a contribution towards the Government of Jordan and UN (*Needs Assessment Review of the Impact of the Syrian Crisis on Jordan*) in November 2013 and was initiated based on general consensus within the international community that the Syrian conflict has turned into a protracted crisis, with profound long-term implications on neighbouring countries, particularly Jordan and Lebanon. The needs assessment was prepared under the guidance of the Host Community Support Platform of the Ministry of Planning and International Cooperation. Upon the request of the Jordanian Government this was fed into the development of the National Resilience Plan, which was submitted during a donor conference in Kuwait in January 2014.

This report focuses on the pre-existing employment and labour market challenges in Jordan, which have been exacerbated by the Syrian refugee crisis. Addressing the Syrian refugee crisis needs to take a holistic and comprehensive approach that addresses Jordan's pre-existing labour market challenges as well as the rights of Syrian refugees to a livelihood that allows them to live in dignity.

The short version of this report was prepared by Salem Ajluni, ILO consultant, under the general guidance of Mary Kawar. Very helpful technical inputs were received from Nasser Faqih from the UNDP Jerusalem office, Maha Kattaa, ILO Syria Crisis Coordinator in Jordan, Kate Washington of CARE Jordan and Nader Mryyan, Labour market expert. In addition, Aya Jaafar provided research assistance. It was also approved by the Livelihoods and Employment Task Force under the Host Community Platform. This longer version, however, was developed and finalised by Mary Kawar.

## Summary and main outcomes

This report was produced as a more detailed follow-up to the assessment conducted by the United Nations in November 2013 on the effects of the influx of Syrian refugees in Jordan. In the absence of comprehensive data, this report attempts to provide a picture of the impact of the Syrian refugee crisis on the Jordanian labour market, with a particular focus on the livelihoods and employability in the four governorates of Amman, Mafrqa, Irbid, and Zarqa. It is based on existing data from national sources such as Jordan's Department of Statistics, the UNHCR and international NGOs' various assessments and surveys. An analysis of these secondary sources aims to provide an intermediate understanding of the situation until the results of a larger survey, which the ILO is currently undertaking with the Department of Statistics (DOS), is available.

The employment and livelihood conditions for a significant proportion of Jordanians were already dire prior to the influx of Syrian refugees. High youth unemployment rates had become 'structural' and a drag on the economy. These factors co-existed with a prevalence of low-quality and low-productivity jobs, often occupied by non-Jordanian workers, pushing wages down. The percentage of working poor was already high, possibly due to a large informal economy, and the total number of poor households has been steadily increasing. The fragility of Jordan's agricultural sector, which employs a significant number of Jordanians and which is heavily dependent on exchanges with Syria, has been exacerbated by increased pressure on natural – including pastoral – resources and the productive base. Furthermore, food prices have been affected by pre-existing government austerity measures, implemented over the past two years to reduce subsidies on food and fuel. All of the abovementioned have increased Jordanians' vulnerability to shocks, but especially where communities are hosting large numbers of refugees. Such vulnerability, together with regional uprisings, has created an increasing sense of discontent and frustration for citizens. There have been an increasing number of labour protests in the country from private, public and informal sectors, all of which have demanded higher wages, legislative changes and an increased voice and representation in policymaking. Among all these challenges, the influx of Syrian refugees has come at a critical time for Jordan and has undeniably affected the labour market and livelihood opportunities of Jordanians.

Initial analysis, however, suggests that the extent to which Syrians have displaced Jordanian workers has been limited, especially as unemployment has not increased in the Governorates that host most of the Syrian refugees. Nevertheless, the economic activity rate of Syrians (48.5 per cent) is higher than Jordanians (36.5 per cent). Also, given that the Jordanian economy is characterized by small informal enterprises, the expectation is that Syrian refugees will, over time, develop more contacts and relationships with Jordanian employers in host communities, and progressively encroach on the informal employment sector. It is expected that enterprising and resourceful Syrian refugees, driven by their difficult livelihood conditions, will inexorably be pulled into the orbit of the Jordanian economy.

Moreover, male Syrian refugees are working informally in sectors that are not attractive to Jordanians, such as agriculture, construction, food services, and retail trade. This suggests that, to the extent that Syrian refugees have displaced Jordanian labour, this is occurring in local and informal settings, where seasonal, irregular work is found and where such jobs are often occupied by other migrant workers.

Thus far, evidence suggests that the main impact of the increased Syrian labour market activity in Jordan has been downward pressure on wages in the informal economy. This is a result of weak enforcement of laws that give employers the leeway to hire informally and below the national minimum wage. DOS data for 2011 indicates that daily wages in the bottom half (lowest skill) of private sector occupations (excluding agriculture) averaged about JD 10, compared with JD 15 for the economy as a whole. Such

wage levels give rise to labour exploitation and deteriorating work standards, including the rise of child labour. This is especially relevant given the context in which Syrian children are already working. Lower wages will have especially negative consequences for the most vulnerable segments of the Jordanian employed population, especially the working poor. Given that more than half of the poor work, and that about half the income of poor families in Jordan is derived from wages, downward pressure on wages will threaten to intensify the degree of poverty among the 14.4 per cent of Jordanian households whose incomes place them below the official poverty line.

One of the main conclusions of this study is that any approach to address the employment and livelihood challenges in Jordan today has to be comprehensive in terms of the rights of Syrian refugees to live in dignity and have access to employment, the need for Jordanians to have access to decent jobs, and for both to have social peace.

In terms of the way forward, a lot is already taking place as part of concerted efforts being made by the Government of Jordan with support from the international community. However, the study proposes actions that are interconnected and relate to the creation of decent work for both Jordanians and Syrians. These include improving wages, addressing informality, strengthening migration management, creating immediate emergency jobs in affected governorates, expediting the implementation of the National Employment Policy and improving employment coordination and policy coherence. The most important recommendation is to give Syrians formal work permits in specific sectors since, as long as this issue is not tackled, unregulated and informal work will continue and negatively affect both Jordanians and Syrians alike.

## I. Labour market and employment in Jordan: The pre-crisis situation

### 1.1 Working population, employment and unemployment

**Prior to the crisis the Jordanian labour force was steadily growing.** In 2010 Jordan had a population of about 6.1 million people<sup>1</sup>. In that year about 39.6 per cent of the population 15 years of age and above were economically active, a total of about 1.55 million people. Of these, an estimated 1.35 million were employed, and about 196,600 were unemployed, with a national unemployment rate of 12.7 per cent in 2010 (see Table 1).

**Table 1.** Jordan labour market aggregates, QI-QIII Averages, 2010 and 2013

	2010 Averages	2013 Averages	2010-2013 Changes	Average Annual Changes
<b>Population</b>	6 181 000	6 458 439	4.5%	1.5%
<b>Economically Active</b>	1 550 852	1 716 028	10.7%	3.6%
<b>Activity Rate</b>	39.6%	37.3%	-2.3 pp	-0.7 pp
<b>Employed</b>	1 354 263	1 490 976	10.1%	3.4%
<b>Unemployed</b>	196 589	225 052	14.5%	4.8%
<b>Unemployment Rate</b>	12.7%	13.1%	0.4 pp	0.1 pp

**The size of the economically active population grew more than twice as fast as the general population (3.6 per cent per year).** Comparing the 2010 baseline to 2013 data indicates a population growth rate of about 4.5 per cent, or about 1.5 per cent per year on average, excluding Syrian refugees and other expatriates. This growth occurred despite a decline in the average activity rate from 39.7 to 37.3 per cent, and took place because the number of Jordanians entering their working age years (15+ years) rose disproportionately fast. This, in turn, is due to the relatively young character of the Jordanian population.

**Employment generation has not kept pace with labour force growth.** The result is that the number of unemployed persons has grown faster than the number of employed persons. The labour market generated about 10 per cent more employment in the years between 2010 and 2013. This meant an average of about

<sup>1</sup> All population and labour force data for 2010 and 2013 are taken from: [http://www.dos.gov.jo/dos\\_home\\_e/main/](http://www.dos.gov.jo/dos_home_e/main/).



45,570 new jobs per year<sup>2</sup>. At the same time, the rapid growth of the working age population generated an average of 14.5 per cent more unemployed persons, raising the average unemployment rate by about one-half percentage point, to 13.1 per cent in 2013.

**Of the 1.35 million employed Jordanians in 2010, about one fifth were employed in productive activities.** This includes agriculture (1.8 per cent); manufacturing (10.4 per cent); utilities and water provision (1 per cent), and construction (6.2 per cent). About one-sixth of the employed labour force was engaged in commerce, i.e. wholesale, retail trade, and vehicle repair. The majority of workers (63 per cent) were employed in public and private services

**Unemployment rates remained persistently high, affecting women in particular.** Unemployment rates among youth aged 15-24 were above 30 per cent in this period. In the first three quarters of 2013, women accounted for nearly 32 per cent of all the unemployed while youth between the ages of 15-24 (including female youth) accounted for about 75 per cent of all the unemployed in Jordan.<sup>3</sup> Unemployment rates for women were about twice that of men in this period, with young educated women facing particularly high rates. Around three quarters of unemployed males had a high school education or below. Among females, by contrast, over three-quarters of the unemployed had high school degrees or higher.

## 1.2 Structure of employment

**The public sector remained the single most important employer,** accounting for at least 35 per cent of total employment in 2010 (including central and local government administration, public education, health systems, and security forces). **In the three-year period since 2010, the structure of employment has remained largely intact,** although public sector employment grew more rapidly than private sector employment in general. Within the private sector - which still accounts for the bulk of total Jordanian employment - certain activities grew disproportionately. These included real estate, hotel and restaurant, banking and insurance and agriculture activities. Job losses occurred in transport and storage, administrative services, arts and entertainment, utilities production and in water supply and waste management.

**More than half of private sector employment is informal.** Informality is defined as: 1) self-employed persons; 2) persons working in businesses that are not registered and do not pay taxes and/or; 3) employees who do not pay into the social security fund but work in a registered business.<sup>4</sup> Informal sector employment is overwhelmingly dominated by men as about 70 per cent Jordanian women working outside the home are employed in the public sector (e.g. public administration, public education, public health services) or in formal private sector activities (e.g. private education and health services). Among the majority share of women who do not work outside of the home, and especially among poorer families,

---

<sup>2</sup> *Jordan's National Employment Strategy 2011-2020* indicates that during 2000-2009, the economy generated about 45,700 jobs per year on average. Net employment growth in the past three years was nearly identical. The *Employment Strategy* points out that some 42 per cent of job growth was in the public sector.

<sup>3</sup> DOS labour market data for the first three rounds of 2013.

<sup>4</sup> UNDP and the Government of Jordan *The Panoramic Study of the Informal Economy in Jordan*, 2012. It is important to point out that the labour force surveys capture a good deal of Jordanian informal sector employment in that the household surveys ask about employment regardless of whether the person engaged is part of the social security system or whether the employer for which he/she works is registered or pays taxes.

there is a propensity to take on informal home-based work that can be done in conjunction with caring for children.<sup>5</sup>

**There is a reliance on foreign workers who perform low wage, low productivity jobs.** There are as many as 500,000 foreign workers in the Jordanian labour market, mainly from other Arab countries, with as many as half of these without valid work permits<sup>6</sup>, indicating both a high degree of reliance on foreign labour and a high degree of informality in the Jordan labour market<sup>7</sup>. Jordan has followed a *de facto* liberal policy with regard to immigration of foreign workers. The ample supply of low-wage foreign labour has resulted in depressed wages at the bottom end of the wage scale, leading any productivity gains to accrue to employers. The result is a low-wage, low-skill, and low-productivity economy, in which neither wages nor productivity is improving.

**The male/female divide manifests itself in the anomaly of high levels of female education but low levels of female labour market participation** (women held about 16.1 per cent of the average total number of jobs in Jordan in 2010). This is despite the fact that the gap has been narrowed to reflect the achievements made in female education. Factors behind this are lingering cultural issues and employer perceptions that constrain female participation but, beyond this, there are also the increasing institutional weaknesses that hamper greater female participation such as support services and persistent wage gaps.

Therefore the Jordanian **labour market is segmented with public/private, formal/informal, female/male and national/foreign** disparities in conditions and compensation levels. In addition, there is geographic unevenness in the labour market with most employment created in the capital and the main cities and the majority of the unemployed located outside of these areas. **This segmentation is behind the discouragement among young people to actively seek jobs outside the public sector and which do not match their expectations.**

**Another reason is that the skills provided by the educational and training systems are not fully aligned with the needs of the labour market.** One of the consequences is the difficult school-to-work transition of Jordanian youth, which underlies their high level of unemployment and tendency towards long-term joblessness or unemployment.

**The labour market is currently locked into a cycle of low wage/low skill/low productivity.**

Since employers have access to foreign workers willing to work longer hours for less pay, and without demanding social security coverage and other rights granted to them by law, the incentives to invest in higher value added industries remains limited. Moreover, foreign workers are likely to remain more desirable since the legal minimum wage (JD 190 per month) only applies to Jordanian nationals.

### 1.3 Wages and the working poor

**Earnings from work have improved across a broad spectrum of the labour force during the last decade.**<sup>8</sup> Real wages have increased for both males and females and across all occupational categories. The gap between the top and the bottom sections of the wage income distribution decreased marginally.

---

<sup>5</sup> UNDP and Government of Jordan *The Panoramic Study of the Informal Economy of Jordan*, 2012.

<sup>6</sup> *Jordan's National Employment Strategy 2011-2020*. Data on foreign workers are estimates pertaining to 2010.

<sup>7</sup> The *Decent Work Country Programme 2012 - 2015* (March 2012) formulated by the Jordanian Government and the ILO calls for the better regulation and enhanced inspection capacity of the Ministry of Labour with respect to migrant labour and the informal sector more generally.

<sup>8</sup> ILO *Decent Work Country Profile for Jordan* (forthcoming 2014).

**Gender wage inequity has not substantially increased, but nor has it narrowed.** Over the past decade, the percentage increase of real wages was similar for both genders, with men's wages increasing by 16.2 per cent and women's wages increasing by 15.3 per cent. From a positive perspective, the gender wage gap has not significantly widened over the past decade. On the other hand, the gap has not been reduced and remains substantial, with men's real wages 13.2 per cent higher than women's in 2011.<sup>9</sup>

**The minimum wage has been increasing substantially relative to the median wage, indicating that it has been increasingly effective in reducing the wage gap between the low end and the rest of the work force.** The purchasing power of the legal minimum monthly nominal wage between 2002 (JD 70) and 2012 (JD 190), grew by an estimated 72.2 per cent.<sup>10</sup> The minimum wage grew from 43.7 per cent to 61.3 per cent of the median wage in Jordan in this period.<sup>11</sup>

**However, the legal minimum wage does not apply to informal jobs which constitute an estimated 44 per cent of total employment in the country<sup>12</sup> and more than half of private sector employment.<sup>13</sup>** While this is significant for low-skilled Jordanians, it is particularly relevant for the large number of migrant workers working informally in the private sector.

**Public sector wages are higher than the private sector for those without university degrees.** For individuals of both sexes with secondary education or less, the public sector pays more, on average, than the private sector, in addition to being more attractive in terms of job security, shorter hours and generally easier working conditions. Earnings incentives to complete secondary education and enter higher education appear to be undermined by the flatness of the education-earnings profile in the public sector. The willingness of the public sector to hire significant numbers of those who have not completed secondary education and to pay them generously appears to be a particular problem, given Jordan's objective of becoming a knowledge economy.

**More than 55 per cent of the working age poor in Jordan were employed in 2010.<sup>14</sup>** In urban areas, an estimated 57.7 per cent of the working age poor were employed as compared to 44.9 per cent in rural areas. The poor are only slightly less likely to work than the non-poor: in 2010 55.2 per cent of the poor population had a household head that was employed, as compared to 57.6 per cent of non-poor households. Nonetheless, employment appears to significantly reduce the likelihood of poverty. In 2010 the poverty rate was 11.1 per cent for households where the head of household was employed, whereas it was 21 per cent for households where the head was unemployed.

**The high share of poor that are working can partly be explained by the widespread prevalence of low wages, which in turn can reflect a predominance of low productivity economic activity in the country.** While labour productivity has fluctuated over the past decade, it has remained low. Drawing on data from 2010, analysis of poverty by occupation of household head shows that poverty rates are highest

---

<sup>9</sup> *ibid.*

<sup>10</sup> The nominal JD minimum wages are taken from ILO *Decent Work Country Profile for Jordan* (forthcoming 2014) and are deflated the Jordan Consumer Price Index with a 2006 base year.

<sup>11</sup> ILO *Decent Work Country Profile for Jordan* (forthcoming).

<sup>12</sup> Roberta Gatti, et al. *Striving for Better Jobs: The Challenge of Informality in the Middle East and North Africa*, World Bank, Washington DC, 2011.

<sup>13</sup> UNDP and the Government of Jordan *The Panoramic Study of the Informal Economy in Jordan*, 2012.

<sup>14</sup> *Jordan Poverty Reduction Strategy - Final Report*, UNDP/Government of Jordan, January 2013:48-49. The statistics referenced in the Strategy are based on the Department of Statistics Household Expenditure and Income Survey 2010. Note that the concept of 'poor' is defined in this instance as persons who fall below the current absolute poverty line in Jordan. This is equal to an expenditure of JD 814 (USD 1146) per individual per year (or JD 67.8 (USD 96) per individual per month). At the household level this equates to JD 4,395.6 (USD 6,189) per household per year (or JD 366.3 (USD 516) per household per month).

amongst workers in the service, agricultural, transport, and construction branches of the economy. Moreover, with regards to the distribution of the poor by occupation of household head, the largest shares were in the transport, commerce and public administration branches. An important factor in explaining working poverty is household size and corresponding dependence ratios. Thus, the household size of the poorest quintile is nearly twice that of the wealthiest quintile of households.<sup>15</sup> Thus, poverty is aggravated by the need for workers to support multiple family members.

## 1.4 Conditions of work and increasing labour protests

### **There are large and increasing numbers of migrant workers who lack entitlements.**

There were nearly 280,000 officially registered migrant workers in 2012, over 72 per cent of which worked in three sectors: the agriculture and fisheries, manufacturing, and domestic work. It is worth noting that the agricultural and domestic work sectors, in particular, are poorly regulated since there is no system for regular labour inspection of these sectors.<sup>16</sup> In contrast, very few migrant workers are engaged in professional, technical, financial or administrative occupations. Moreover, between 2002 and 2011 there has been a large decrease amongst the number of non-Jordanians engaged in construction work (from 15.6 per cent in 2002 to 6.8 per cent in 2011) and a shift towards employment in social and personal services (from 17.5 per cent in 2002 to 26.1 per cent in 2011). Non-Jordanians were excluded from the national minimum wage increase in 2012.

**While safety and health at work may have improved in the formal sector the informal sector remains uncovered by existing laws.** The Jordanian national Labour Law contains several provisions designed to protect workers' safety and health. Data shows that the frequency of non-fatal and fatal occupational injuries has decreased significantly over the past decade. Overall, there were 12,412 fatal and non-fatal work injuries in 2012.<sup>17</sup> However, this refers only to workers who are insured under the Social Security Corporation (SSC) and therefore account for approximately two-thirds of the employed population. The data excludes informal sector establishments. Moreover, while there have been increasing efforts at improving the national labour inspection system, responsible for working conditions, compliance with minimum wage laws and oversight regarding child labour, in 2013 there were a total of 120 labour inspectors nationwide. For the private sector alone, this translates to approximately one labour inspector for every 7,800 establishments.<sup>18</sup>

### **Although child labour is comparatively low in Jordan, there are concerns that it is on the increase.**

While statistical information on child labour in Jordan is limited, a 2007 survey estimated that only 1.6 per cent of all children aged 5-16 work.<sup>19</sup> However, according to the Ministry of Labour, between July 2010 and December 2011, labour inspectors undertook 1,583 inspection visits, noted 128 infringements, and issued 44 warnings. From this data it appears that inspectors often handle child labour cases informally rather than issuing citations and fines.<sup>20</sup> Official records suggest that there is very weak enforcement of the articles that deal with the illegal employment of children. The Committee on the Rights of the Child (CRC) 2006 report notes that despite some positive measures to address child labour,

---

<sup>15</sup> *ibid*: 48-101. On page 101 the report states that the average size of the poorest quintile is 7.6 and 4.2 for the richest quintile.

<sup>16</sup> ILO *Decent Work Country Profile for Jordan* (forthcoming).

<sup>17</sup> Social Security Corporation, 'Annual Report 2012', Statistical Appendix, Table 54)

<sup>18</sup> Department of Statistics, Establishments Census, 2011

<sup>19</sup> Hashemite Kingdom of Jordan and ILO, *Working Children in the Hashemite Kingdom of Jordan: Results of the 2007 Child Labour Survey*, March 2009 at 30.

<sup>20</sup> Direct Request (CEACR) - adopted 2012, published 102nd ILC session (2013)

*Worst Forms of Child Labour Convention, 1999 (No. 182) - Jordan (Ratification: 2000)*, noting Jordan's response.

Found at: [http://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100\\_COMMENT\\_ID:3078780:NO](http://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:3078780:NO)

there is concern that the phenomenon has increased recently, especially in agriculture.<sup>21</sup> The CRC recommended that the labour law be amended to ensure that children working in family enterprises, agricultural activities and as domestic labour are protected.<sup>22</sup> Another major concern is that the labour code does not apply to children working in the informal sector. As noted above, the existence of large numbers of foreign workers in the country, and the lack of enforcement of the minimum wage in regard to foreign workers, creates incentives for the employers to informally hire such workers, including children.

**A recent ILO report covering the Middle East notes that Jordan still faces serious challenges to control and eliminate forced labour and trafficking in and through the country.**<sup>23</sup> One problem is the low level of prosecutions, convictions and penalties. Moreover, forced labour in the Quality Industrial Zones (QIZs) was met only with administrative penalties in the form of fines. Jordan ratified the Forced Labour Convention, 1930 (No. 29) in 1966 and in 1958 ratified the Abolition of Forced Labour, 1957 (No. 105). Forced labour is prohibited under Article 13 of the Jordanian Constitution. Jordan passed its first Anti-Human Trafficking Law in 2009. The Law prohibits all forms of trafficking and prescribes penalties of up to ten years of imprisonment for forced prostitution and trafficking, including child trafficking.

**Labour protests have been on the rise in Jordan in recent years, mainly centred on low wages.** The country has not been immune to the effects of the Arab uprisings: Jordan has experienced well over 1,700 labour-related protests during 2011<sup>24</sup> and 901 in 2012.<sup>25</sup> This compares to only 139 labour protests during all of 2010.<sup>26</sup> Virtually all protests have been peaceful in nature and generally drawing fewer than one hundred participants. Yet their weekly pace suggests that tensions may continue to rise unless the issues underlying the protests are addressed swiftly. In 2012, the protests were split virtually evenly between those in the public and private sector,<sup>27</sup> with most protests centred on demands for increased wages.<sup>28</sup>

The above review reveals that Jordan has been facing a variety of labour market and employment challenges. This comes despite the fact that the Jordanian government has pursued national strategies designed to reduce poverty and boost economic growth, employment and human development. In certain areas, such endeavours have delivered some positive results. In particular, growth rates were strong up until the 2008 global economic and financial crisis (but since have remained significantly lower). Education and literacy rates, two important pre-requisites for a sustainable and balanced development path, have also increased markedly over the past decade, and both are likely to positively impact the labour market and decent work in the future. Nevertheless, the overall labour market governance situation has not experienced much progress despite all the concerted efforts. This also came at a time when the country is facing significant internal challenges related to citizen dissatisfaction and external challenges related to the Syrian refugee crisis.

---

<sup>21</sup> Committee on the Rights of the Child, 43<sup>rd</sup> Session, Consideration of Reports Submitted by State Parties under Article 44 of the Convention. Concluding observations: Jordan, 29 September 2006, CRC/C/JOR/CO/3 Found at: <http://daccess-dds-ny.un.org/doc/UNDOC/GEN/G06/450/32/PDF/G0645032.pdf?OpenElement>

<sup>22</sup> Ibid at para. 331.

<sup>23</sup> ILO, *Tricked and Trapped: Human Trafficking in the Middle East*, 2013. Found at: [http://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms\\_211214.pdf](http://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_211214.pdf)

<sup>24</sup> Labour Watch. *Labour Protests in 2011: Analytical Report*. Found at: <http://www.labour-watch.net/en/index.php/report-english/3400-labour-protests-in-2011>

<sup>25</sup> Labour Watch. *Labour Protests in 2012* (in Arabic). Found at: [http://www.labour-watch.net/files/Labour\\_protests\\_in\\_Jordan\\_for\\_2012.pdf](http://www.labour-watch.net/files/Labour_protests_in_Jordan_for_2012.pdf).

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

<sup>28</sup> Ibid.

## II. Impact of the Syrian conflict on the labour market and employment

Significant numbers of Syrian refugees fleeing from the conflict started to arrive in Jordan in early 2012. They arrived in a country facing economic challenges and a labour market characterized by structural unemployment and weak labour market governance. To some extent, the presence of Syrian refugees seeking informal work in the country resulted in the displacement of some Jordanian workers. The willingness of the Syrian refugees to accept lower wages has tended to put downward pressure on wages, feeding the pre-existing low-wage, low-skill, and low-productivity cycle. This section attempts to estimate the employment impact of the Syrian refugee crisis based on secondary analysis. It is based on existing data from national sources such as Jordan's Department of Statistics, the UNHCR and international NGOs' various assessments and surveys (See Methodological note in Appendix I). This is considered a preliminary step until the results of a larger survey which the ILO is undertaking with the Department of Statistics is available

### 2.1 Estimating the refugee population

**Jordan has a history of hosting Syrian residents and labour migrants.** In addition to a long-standing Syrian resident community in Jordan, the past decades have seen seasonal and more regular flows of thousands of young Syrian jobseekers enter the Jordanian labour market. These workers have found informal employment in agriculture, construction and services at generally low wages. Living inexpensively in communal housing arrangements has allowed them to accumulate savings and send remittances to their families in Syria.<sup>29</sup>

**The recent influx of Syrian refugees has been quite different in character from this labour migration, as it has been much larger in scope and has been motivated by intense conflict.** Additionally, while refugees are given legal residency status upon entering the country, they have not been granted work permits by the Jordanian Ministry of Labour which would allow them to work legally.

**To gauge the actual and potential impact of this sudden increase in population and its impact on local Jordanian labour markets in the most affected governorates, it is necessary to begin with a quantitative accounting of the Syrian refugee population and *potential* refugee working population.** As of late October 2013, as indicated in Table 2, nearly 90 per cent of registered Syrians were located in the Mafrq, Irbid, Zarqa and Amman governorates.

---

<sup>29</sup> CARE Jordan *Baseline Assessment of Community Identified Vulnerabilities among Syrian Refugees Living in Amman* October 2012.



**Table 2.** Estimated Registered Syrian refugee density in four host governorates, QIII 2013<sup>30</sup>

Governorate	Estimated Jordanian Population	UNHCR-Registered Refugees	UNHCR-Registered Refugee Density
<b>Mafraq*</b>	331 410	59 010	17.8%
<b>Irbid</b>	1 216 864	123 099	10.1%
<b>Amman</b>	2 448 847	133 373	5.4%
<b>Zarqa</b>	914 111	47 849	5.2%
<b>Jordan</b>	<b>6 458 439</b>	<b>549 575</b>	<b>8.5%</b>

\*The registered refugee count in the Mafraq governorate excludes those in the Za’atari refugee camp. According to the UNHCR, the Za’atari camp had a registered population of 122,673 in late October 2013.

Refugee density in the country as a whole is estimated at about 8.5 per cent and at 5.6 per cent excluding the Za’atari refugee camp, whose residents’ movements out of the camp are restricted. The Mafraq governorate - excluding the Za’atari refugee camp - has an estimated refugee density of 17.8 per cent or about one out of seven residents there. The Irbid governorate also has a significantly higher than average refugee density, while the Amman and Zarqa governorates have somewhat lower than average densities excluding the Za’atari camp.<sup>31</sup>

It is important to point out that **the number of Syrian refugees in Jordan at any given point in time, is fluid.** While the inflows of refugees since the beginning of the Syrian crisis have been more or less continuous, some Syrian refugees have entered the country unofficially, having registered neither with the Ministry of Interior, nor with the UNHCR. Furthermore, registered refugees outside the refugee camps may move around the country and, as a result, the exact number of refugees in a particular governorate at any given time is not known.

## 2.2 Estimating the refugee working population in the Jordanian labour market

Two important realities regarding Syrian refugee labour market participation in Jordan must be stated here. First, the Jordanian government has liberally granted residency status for Syrians fleeing strife in their country but has not granted work permits. **Thus, according to Jordanian laws, Syrian refugees are prohibited from working in the country.** Second, with regard to the refugee population in the Mafraq governorate, approximately two-thirds of these reside in the Za’atari refugee camp. As such, movement out of the camp, including that associated with the search for work, is severely constrained.

<sup>30</sup> Registered Syrian refugee data is from UNHCR Jordan. See <http://data.unhcr.org/syrianrefugees/country>. UNHCR points out that there is an unknown number of Syrians in Jordan who have not registered. The Ministry of Interior’s July 2013 estimate for total Syrian refugees in the country was 613,921, equal to about 9.6 per cent of Jordanian the population.

<sup>31</sup> The Ministry of Interior and the Department of Statistics generated data for July 2013 indicating higher densities in specific cities and towns in the four main governorates of Syrian refuge.

Thus, the relevant share of the refugee population in Mafraq that might engage in work is effectively reduced by two-thirds. **Therefore, Za'atari camp residents have been excluded from the following analysis.** Both of these realities restrict the extent of Syrian refugee labour force participation.

Table 3 provides economic activity estimates for the Jordanian population and for Syrian refugees in the Mafraq, Irbid, Zarqa and Amman governorates, and for the four governorates as a whole. The figures for the Jordanian population are based on Department of Statistics (DOS) population and labour survey estimates, which include Jordanian males and females 15+ years of age. The Syrian figures are based on refugee registration data from UNHCR, and economic activity estimates from an assessment survey conducted by Care International Jordan.<sup>32</sup>

**Table 3.** Estimates of economic activity, employment and unemployment of Jordanians and Syrian refugees in four governorates, QIII 2013

Governorate	Economic Activity Rate	Active Labour Force	Employed	Unemployed	Unemployment Rate
<b>Mafraq</b>					
<b>Jordanians</b>	36.2%	72 141	62 469	9 672	13.4%
<b>Syrian Refugees (excluding Za'atari)</b>	48.5%	17 083	6 020	11 062	64.8%
<b>Irbid</b>					
<b>Jordanians</b>	37.3%	292 325	252 683	39 642	13.6%
<b>Syrian Refugees</b>	48.5%	35 690	12 578	23 112	64.8%
<b>Zarqa'</b>					
<b>Jordanians</b>	35.7%	202 843	177 729	25 115	12.4%
<b>Syrian Refugees</b>	48.5%	14 063	4 956	9 107	64.8%
<b>Amman</b>					
<b>Jordanians</b>	36.9%	604 897	534 338	70 558	11.7%
<b>Syrian Refugees</b>	48.5%	41 426	14 600	26 827	64.8%
<b>Four Governorates</b>					
<b>Jordanians</b>	36.5%	1 172 206	1 027 219	144 987	12.8%
<b>Syrian Refugees</b>	48.5%	108 262	38 154	70 108	64.8%

<sup>32</sup> UNHCR registration data are for late October 2013 as provided by their website. The estimate of Syrian refugee labour market activity relied mainly on CARE Jordan *Syrian Refugees in Urban Jordan: Baseline Assessment of Community-Identified Vulnerabilities among Syrian Refugees Living in Irbid, Madaba, Mafraq, and Zarqa*, April 2013.



Given numerous reports of Syrian children as young as 12 years old being encouraged to find menial jobs, and in the context of significant numbers of children not attending school, the calculation for activity rate among Syrians includes those 12 years of age and above.<sup>33</sup> The CARE survey included 300 Syrian refugee households consisting of 1,485 individuals of whom 546 (36.7 per cent of the entire sample) were 11 years of age or younger. In addition to these children, another 485 persons (32.6 per cent of the entire sample) aged 12 years and above reported that they were students and had been students in Syria (these were aged 12-17 mainly) or, in the majority of cases in this group, reported their current and previous status as housewives (these were aged 17 and above).<sup>34</sup> A small portion of this group reported being disabled or retired. The total of these groups, 1,031 persons or 69.3 per cent of the total sample, are thus *treated as being outside of the labour force*.

The remaining respondents were a total of 454 persons aged 12 years and above (30.7 per cent of the entire sample). Of these, 160 reported that they were working regularly or irregularly (159 of them males). *These are treated as employed in the below analysis*.

The balance of the sample, a total of 294 persons aged 12 years and above (19.7 per cent of the entire sample), fell into two categories: 1) persons self-reporting as unemployed (222 persons or 14.9 per cent of the entire sample), with the vast majority of these reporting that they had previously worked in a wide range of occupations in Syria; 2) persons reporting as students “out of school” or university students or graduates but with no previous work experience (72 persons or 3.8 per cent of the entire sample). These 294 persons, of whom 24 or 8.1 per cent were females, *are treated here as unemployed*.

Based on the above, and **using standard ILO definitions of economic activity, a total of 454 persons from a total of 936 persons aged 12 years and above, were either working regularly or irregularly, were seeking work or could be expected to search for work given their reported backgrounds. This yields an activity rate of 48.5 per cent** for the CARE sample, an average which has been applied to the four governorates.<sup>35</sup> **At the same time, the maximum implied unemployment rate for Syrian refugees is more than 64 per cent of the economically active.** This figure however should be taken with caution as a mere estimate until more survey data is available.<sup>36</sup>

As indicated in Table 11, the estimated **Syrian refugee average activity rate of 48.5 per cent of the economically active population 12 years and above, compares to the Jordanian activity rate of 36.5**

---

<sup>33</sup> Using the lower minimum age for Syrian refugee labour force participation is in line with anecdotal evidence of children working or being encouraged to work as provided, among others, in the following: both CARE Jordan assessments; ILO Regional Office for the Arab States *Mission Report*, June 1-6, 2013; IFRC *Assessment Report—Syrian Refugees in the Community, Jordan* September 2012.

<sup>34</sup> It should be noted that informal home-based livelihood activities, including cooking, baking, tailoring, jewellery making, petty commerce, etc. were also reported among a number of surveyed Syrian refugees in the CARE Jordan assessments. Refugee women indicated a strong preference for this type of home-based work. The ACTED assessment found that 15 per cent of Syrian women were engaged in some sort of home production for income-generating purposes. See ACTED *Food Security and Livelihood Intervention Opportunities for Syrian Refugees and Host Communities in Northern Jordan; An Assessment*, August 2013, p. 16.

<sup>35</sup> The detailed data on the CARE rapid assessment in Amman conducted in the late summer of 2012 were not readily available. That survey included 60 Syrian refugee households (332 persons). Here it is assumed that the economic activity rate for Syrians in the Amman governorate is equal to the average found in the broader CARE survey outside of Amman. A notable difference between the two studies is the higher reported employment activity among Syrian refugees in Amman, relative to those in the four other governorates surveyed in early 2013. See CARE Jordan *Baseline Assessment of Community Identified Vulnerabilities among Syrian Refugees Living in Amman* October 2012. The average activity rate here is not applied to Za’atari refugee camp residents.

<sup>36</sup> During the first half of 2014, the ILO in collaboration with FAFO Institute for Applied International Studies and the Jordanian Department of statistics are undertaking a large sample survey of employment of Jordanian host communities and Syrian refugees. As such this estimated figure will be revised according to the survey results.

**per cent of the population 15 years and above.** The higher estimated labour market activity rate of Syrian refugees relative to Jordanians is consistent with evidence from other surveys and from studies done in Syria before the crisis. A number of reports suggest that Syrian refugee men, in particular, are working or seeking work at relatively high rates.<sup>37</sup>

On this basis, the *potential* active refugee labour force in the four governorates is estimated at about 108,265 of whom about 38,155 are estimated to be employed - regularly or irregularly - and 70,110 are unemployed, in effect searching for work or likely to look for work. **Syrians are estimated to constitute a maximum of about 8.4 per cent of the total potential active labour force in the four governorates, comprising as much as 3.5 per cent of all employed persons, and as much as one-third of all the unemployed.** The situation in Mafraq, even with the exclusion of the Za'atari Camp population from the analysis, is particularly dramatic. Economically active Syrians in this governorate could be as much as 20 per cent of all active persons, about 9 per cent of all employed, and more than half of all unemployed.

### 2.3 Assessing employment impacts on Jordanians

Given the rapid growth of the actual (and potential) refugee labour force in the four governorates since early 2012, concerns have emerged that the Syrian influx constitutes a threat to the employment and livelihoods of host community Jordanians. **Despite the rapid increase in Syrian refugee labour force activity in the four governorates, there is little change in the total number of economically active Jordanians there.**

Increases in labour market participation among Jordanians in Mafraq and Irbid, the two governorates with the highest Syrian refugee densities, were offset by declines in the Zarqa and Amman governorates. Jordanian employment declines in Zarqa and Amman were more than offset by gains in Mafraq and Irbid. Employment of Jordanians in the four governorates increased 1.2 per cent on an average annual basis while unemployment grew by 0.4 per cent on an annual average basis between 2010 and 2013. By comparison, on a national basis, Jordanian employment grew by 3.3 per cent and unemployment by 4.8 per cent on an average annual basis in the same period. **Thus, employment growth among Jordanian nationals was slower than average in the four governorates, but so too was unemployment growth.**

Finally, the average Jordanian unemployment rates in Irbid and Zarqa rose by about 1 percentage point, and declined somewhat in the Mafraq and Amman governorates. Overall, the unemployment rate in the four governorates increased from 12.2 per cent to 12.4 per cent while, on a national level, the unemployment rate rose from 12.7 to 13.1 per cent in the same period. Thus, **the rate of increase of the unemployment rate in the country at large was greater than in the four governorates.** The changes in Jordanian labour force indicators between 2010 and 2013 are given in Table 4.

---

<sup>37</sup> CARE Jordan informs that perhaps 90 per cent of able-bodied adult males indicated they were seeking employment in their assessments. CHF International implies that about 42 per cent of their survey respondents had found work. See *Syrian Refugees Crisis: Rapid Assessment Amman, Jordan* July 2012. Most assessments indicate that many employed Syrians earn below minimum wages, further supporting the view that these refugees are desperate to find work and may have a significantly higher average activity rate relative to Jordanians. Studies of Syrian labour force participation indicate that the rural population, both male and female, starts work as young as 12 years of age. Furthermore, rural women had estimated average economic activity rates of 23 per cent, about twice the rate of rural Jordanian women. See Geir Ovansen and Pal Sletten *The Syrian Labour Market; Findings from the 2003 Unemployment Survey* (Oslo: Fafo, 2007) and Henrik Huitfeldt and Nader Kabbani "Labour Force Participation, Employment and Returns to Education in Syria," Economic Research Forum, Cairo, 2005. This is relevant in light of the fact that the vast majority of Syrian refugees in Jordan are from rural areas.

**Table 4.** Jordanian labour market evolution in four governorates, 2010-2013

	2010 Average	2013 Average	Total Change	Average Annual Change
<b>Economically Active</b>	<b>(Rounds 1-3)</b>	<b>(Rounds 1-3)</b>		
Mafrq	65 006	72 141	7 135	3.7%
Irbid	263 072	292 325	29 254	3.7%
Zarqa	216 324	202 843	-13481	-2.1%
Amman	628 778	604 897	-23881	-1.3%
Total	1 173 180	1 172 206	-974	0.0%
<b>Employment</b>				
Mafrq	55 581	62 469	6 888	4.1%
Irbid	229 834	292 325	62 491	9.1%
Zarqa	191 167	177 729	-13438	-2.3%
Amman	553 365	534 338	-19027	-1.1%
Total	1 029 947	1 066 861	36 914	1.2%
<b>Unemployment</b>				
Mafrq	9 425	9 672	247	0.9%
Irbid	33 237	39 642	6 405	6.4%
Zarqa	25 157	25 115	-43	-0.1%
Amman	75 413	70 558	-4854	-2.1%
Total	143 233	144 987	1 754	0.4%
<b>Unemployment Rate</b>				
Mafrq	14.5%	13.4%	-1.1%	-
Irbid	12.6%	13.6%	0.9%	-
Zarqa	11.6%	12.4%	0.8%	-
Amman	12.0%	11.7%	-0.3%	-
Total	12.2%	12.4%	0.2%	-

Data on the activity distribution of employment by governorate is not readily available from DOS, but national data suggest that the declines in Jordanian employment during 2010-2013 occurred in activities not known to employ significant numbers of Syrian refugees. On a national level, there were job losses in transport and storage, administrative services, utilities production, arts and entertainment, foreign organizations and water supply and waste management. These, it should be noted, are predominantly formal economic activities. At the same time, economic activities in which Syrian refugees are known to be employed - such as wholesale and retail commerce, restaurants, construction, agriculture and personal services - all experienced *Jordanian* employment growth on a national level in 2010-2013. These activities are predominantly informal.

**In the absence of work permits from the Ministry of Labour, Syrian refugees would have great difficulty finding employment in the private formal economy<sup>38</sup>.** Furthermore, a good number of Jordanian small businesses engage family labour mainly and/or have longstanding relationships with their employees and are unlikely to replace them with Syrian refugees.<sup>39</sup> **Finally, the Ministry of Labour in 2013 has scaled up its enforcement of Jordanian labour laws, which prohibit the employment of expatriates lacking valid work permits.<sup>40</sup>** Thus, even informal work opportunities may be somewhat limited for Syrian refugees.

Nonetheless, local surveys and assessments from a range of observers indicate sometimes significant Syrian refugee male employment in specific localities, with concentrations in informal agriculture, construction, food services and retail trade.<sup>41</sup> **This suggests that, to the extent that Syrian refugees have displaced Jordanian labour, this takes place in local and informal settings, where seasonal or irregular work is found, and where often such jobs are occupied by other migrant workers.** Thus the negative impact of such displacement would also be felt among Egyptian expatriate workers, who are very prominent in the informal economy.<sup>42</sup> Among Syrian women, there has been some limited development of home-based activities such as taking on sewing, cooking, baking and cleaning tasks for Jordanian households, as well as running informal hair salons. While some of these activities may have augmented local services, rather than displacing existing Jordanian informal activities, there is some evidence that poorer Jordanian women - particularly those who head households - may be under increasing competition in home-based production activities from Syrian women.<sup>43</sup>

---

<sup>38</sup> ILO Regional Office for the Arab States, *Mission Report*, June 2013.

<sup>39</sup> See Rochelle Davis and Abbie Taylor "Syrian Refugees in Jordan and Lebanon: A Snapshot from Summer, 2013," The Center for Contemporary Arab Studies, The Institute for the Study of International Migration, Georgetown University, Washington, DC. The IFRC reported that, except for Amman, even informal employment was difficult to find for Syrian refugees. See *Assessment Report—Syrian Refugees in the Community, Jordan*, September 2012.

<sup>40</sup> The Ministry of Labour reports that between March-October 2013, 589 businesses were closed for hiring unpermitted Syrian workers specifically. These included restaurants, cafes, coffee sellers, supermarkets, butcher shops, filling stations, car washes, clothing shops and bakeries. About 6,100 Syrians were affected by these closures. Shuttered businesses were located in every part of the country but with high concentrations in the Amman, Zarqa and Mafraq governorates. Nearly all affected businesses were owned by Jordanians. The Ministry indicates that about 36.5 per cent of documented illegal work incidents between March-October 2013 involved Syrians as compared to only 9.1 per cent in 2010. Information provided by the Ministry of Labour, November 2013.

<sup>41</sup> In addition to the sources cited above, see Mercy Corps *Mapping of Host Community-Refugee Tensions in Mafraq and Ramtha, Jordan*, May 2013.

<sup>42</sup> Op cit., Rochelle Davis and Abbie Taylor "Syrian Refugees in Jordan and Lebanon."

<sup>43</sup> Information is taken from UN Women's on-going (2013) assessment of the economic impact of Syrian conflict on the economic empowerment of women in pockets of poverty. In focus group discussions with Jordanian women, a prevailing perception was that Syrian women are more skilled, competitive, settled for lower wages and are willing to work under extreme conditions. Jordanian women indicated that the resulting loss of income limits their contributions to family incomes and, by extension, their ability to influence family decisions.

**It is important to point out that the above estimates of potential Syrian labour supply and employment in the Jordanian informal labour market are of an upper bound nature - a “worst case” scenario - not as yet attained.** As already noted, there are significant legal and institutional obstacles to the entry of Syrian workers into the local labour market. Perhaps the most important of these is the legal prohibition against such work and enhanced enforcement by labour inspectors in 2013. It should also be noted that Syrian refugees receive some amount of assistance based on their refugee status; presumably, this would tend to reduce their economic activity rate somewhat. Thus, the “worst case” is mitigated by other factors limiting labour market participation.

Nevertheless, as the Jordanian economy is characterized by tens of thousands of small, mainly informal enterprises in agriculture, construction, retail trade, hotels, restaurant and food services, vehicle repair and personal services<sup>44</sup> **the expectation is that Syrian refugees will, over time, develop more contacts and relationships with Jordanian employers in host communities, and make progressive inroads into informal employment.** With hundreds of thousands of Syrians in the country, the vast majority residing in urban areas of the four governorates, **it is expected that enterprising and resourceful Syrian refugees, driven by their difficult livelihood conditions, will inexorably be pulled into the orbit of the Jordanian economy and labour market.** Such a phenomenon has the potential to result in larger scale displacement of vulnerable Jordanians from the labour market.

## 2.4 Assessing wage impacts

**Thus far, evidence suggests that the main impact of the increased Syrian labour market activity in Jordan has been downward pressure on wages in the informal economy as employers,** particularly in agriculture, construction and retail commerce, are reported to offer below standard wages. This is one result of weak enforcement of laws which gives employers the leeway to hire informally and below the national minimum wage. DOS data for 2011 indicate that *daily wages* in the bottom half (lowest skill) of private sector occupations (excluding agriculture) averaged about JD 10, as compared to JD 15 for the economy as a whole.<sup>45</sup> Numerous accounts indicate that Syrian refugees have been working for significantly less than unskilled Jordanians and others in the informal economy. Reports indicate wages for unskilled and semi-skilled Syrians of JD 4-JD 10 per day, with Syrian children earning as little as JD 2-JD 5 per day, rates insufficient to provide subsistence livelihoods.<sup>46</sup>

Lower informal economy wages resulting from increased Syrian refugee participation will likely have negative implications for Jordanians. Such wages gives rise to labour exploitation and deteriorating work standards, including the rise of child labour. This is especially relevant in the context in which Syrian children are already working.

**Lower wages will have especially negative consequences for the most vulnerable segments of the Jordanian employed population, especially the working poor.** Given that more than half of the poor

---

<sup>44</sup> The DOS 2006 establishment census found that of the more than 147,000 non-agricultural establishments in the country, 92.2 per cent employed fewer than 5 persons and a further 6.2 per cent employed between 5-19 persons. Informal employment (defined as workers who do not contribute to the social security system) in Jordan was estimated at 44 per cent of all employment in 2010. See Roberta Gatti, et al. *Striving for Better Jobs: The Challenge of Informality in the Middle East and North Africa*, World Bank, Washington DC, 2011.

<sup>45</sup> These average wage rates, in the main, pertain to the formal sector occupations in the bottom half of the private sector. See Government of Jordan *Jordan's National Employment Strategy, 2011-2020*, n.d., p. 16.

<sup>46</sup> See CHF International *Syrian Refugees Crisis: Rapid Assessment Amman, Jordan* July 2012; IFRC *Assessment Report—Syrian Refugees in the Community, Jordan* September 2012; ILO Regional Office for the Arab States *Mission Report*, June 1-6, 2013.

work,<sup>47</sup> and that about half the income of poor families in Jordan is derived from wages<sup>48</sup>, downward pressure on wages threatens to intensify the degree of poverty among the 14.4 per cent of Jordanian households whose living levels place them below the official absolute poverty line.<sup>49</sup> Beyond this, approximately 22.5 per cent of additional Jordanian households were estimated to have incomes that place them just above the national absolute poverty line in 2010.<sup>50</sup> Such vulnerable households who live just above the absolute poverty line are the most likely to fall into poverty as a result of shocks and/or negative socio-economic trends, such as wage compression, that negatively affect income or the cost of living.

Finally, Jordanian authorities already face difficulties in labour market management, particularly as this relates to monitoring working conditions of migrant workers who may be exploited. The current situation is likely to put even more pressure on the Ministry of Labour and, in particular, on its already stretched labour inspection functions to ensure compliance with labour law.

### III. Conclusions and recommendations

Jordan has a long history of hosting refugees and responding to crises. By keeping their borders mostly open, the generosity of Jordan has prevented a wider scale humanitarian disaster from occurring, largely at a considerable cost to its own population and budget. Jordan has opened the education and health care systems to refugees, with support from the international community. There has been general acknowledgement of the need for more coordinated efforts, especially international aid; Thus in January 2014 the Host Communities Support Platform (HCSP), chaired by the Ministry of Planning with assistance from United Nations agencies, developed the National Resilience Plan (NRP). The NRP provides the strategic framework for Jordan's response to the impact of the Syrian crisis with a focus on the most affected areas of the Kingdom. This was proposed to the Kuwait Second International Humanitarian Pledging Conference for Syria in early 2014.

The Syrian refugee crisis in Jordan is challenging an already fragile employment situation. As noted in the first section of this report, prior to the crisis unemployment was high and the quality of jobs available was low. Together with decreasing economic growth rates, increasing prices and regional turmoil, Jordanian citizens were searching, and some were demanding, better opportunities in terms of jobs, wages, and living conditions.

This report finds that the Syrian refugee crisis is taking a heavy toll on Jordanians. In particular, it is affecting the most vulnerable segments of the population in the northern part of the country; competition over livelihoods and incomes is increasing, especially irregular jobs requiring unskilled labour. Evidence also suggests that increased Syrian labour market activity has put a downward pressure on wages in the informal private sector, where wages were already low. Evidence suggests that Jordanian women at the

---

<sup>47</sup> UNDP and the Government of Jordan *Poverty Reduction Strategy-Final Report*, January 2013. In 2010, some 55.2 per cent of those in poverty and of working age were employed. Poverty in this context is defined as persons who fell below the absolute poverty line.

<sup>48</sup> DOS *Household Income and Expenditure Survey, 2010*, Table 3.11.

<sup>49</sup> This amounted to approximately 118,995 households in 2010. DOS *Household Income and Expenditure Survey, 2010*. The Government defines absolute poverty at the household level as expenditures below JD 4,396 on an annual basis (JD 366 per month) for a representative household.

<sup>50</sup> Vulnerability is defined as expenditures of between 100–150 per cent of the household absolute poverty line; i.e., expenditures between JD 4,396 and JD 6,593 on an annual basis for a representative household.

lower end of the labour market (e.g. the home-based informal sector) are losing their jobs and income opportunities to Syrian women.

Nevertheless and despite the estimated immediate negative impact on the labour market, one should not neglect the larger picture which can influence labour demand. In fact, economic growth and domestic demand in Jordan increased with the increase in public and private consumption stemming by Syrian refugees residing in the country from the one hand, and the flourishing of the tourism sector and its related activities brought by the shift in tourists to Jordan away from the security-impacted countries in the region, namely Syria and Lebanon, from the other hand. It is also worth noting Jordan's benefits from the Syrian direct investment inflows in the country which not only have accelerated the industrial activity of the economy but have also created jobs and employment opportunities for both Syrians and Jordanians.

Within the above context, below are a list of suggested actions which may help to create decent work for both Jordanians and Syrians. Most of these are interconnected and all relate to labour market management. A major conclusion of this study is that any approach has to be comprehensive in terms of the rights of Syrian refugees to live in dignity and have access to a livelihood, the need for Jordanians to have access to decent jobs, and for both to have social peace.

#### **Give Syrians formal work permits in specific sectors**

If the access to legal work for Syrian refugees is not addressed the Jordanian labour market will suffer from increased deregulation, which will affect both Syrians and Jordanians negatively. There are specific jobs which are not attractive to Jordanians and, as a result of labour shortages, are usually filled by migrant workers. These include low skilled manufacturing, agriculture, services or construction jobs. Other sectors include the Qualified Industrial Zones. It is suggested that work permits be given to Syrians in such occupations to offset current labour demand while maintaining labour market regulation as these jobs might be filled informally anyway.

#### **Create jobs in host communities**

This is already taking place by the Government of Jordan with support from the international community. The NRP identifies livelihoods and job creation as one of the main sectors and have developed the specific areas of work needed. These include public works programmes and active labour market policies including wage subsidies, labour market intermediation services, upgrading of skills, as well as encouraging SME development with the support of value chain analysis, especially in agriculture, to strengthen market linkages. These are targeted at governorates with especially high proportions of refugees to mitigate the negative employment and wage impacts of informal Syrian labour.

#### **Improve labour migration management**

The Syrian refugee influx has compounded existing problems associated with large numbers of migrant workers in Jordan. As noted by the National Employment Strategy (NES), Jordan will partially rely on foreign labour for a long time to come. However, the NES calls for a labour market in which foreign workers complement the Jordanian workforce, rather than substitute for it, and one in which all are subject to decent working conditions. Currently, there are large numbers of irregular migrant workers who are subject to discrimination and abuse. Moreover, as long as employers have access to migrant workers there will be no incentive to improve wages and the quality of work. With the existence of Syrian refugees already working in Jordan this situation will intensify. Jordan needs a clear policy framework for migration management and which will be implemented effectively and not based on ad hoc reactionary measures that aim to curtail the number of migrant worker in the short term.

#### **Formalize the informal economy**

The Syrian refugee influx has brought attention to the high degree of informality in the Jordanian economy, which tends to be comprised of low quality jobs with little security for job holders and

enterprises with low productivity. It is also associated with large numbers of informal migrant workers, especially in the construction and agriculture sectors. Upgrading the informal economy requires a comprehensive mix of policies. For informal enterprises this would include policies that foster their growth through entrepreneurship development, training, and credit facilities, as well as encourage them to register as formal enterprises. For workers, it would include market-relevant and productivity-enhancing skills development and social protection. The bottom line for formalizing the economy is the provision of incentives from the regulatory framework. So far, informal enterprises do not see the benefits of paying taxes and other fees. A starting point could be the development of a policy framework to bring marginalized workers and economic units into the economic and social mainstream, thereby reducing their vulnerability and exclusion and contributing to increased production and economic return.

### **Strengthen wage policy**

Low-paid workers and the vulnerable in the four most affected governorates are already feeling the negative effects of the supply of Syrian labour through decreased wages. While Jordan has a minimum wage policy, this is not applicable to informal economy workers. Moreover, the existing minimum wage setting mechanisms and collective bargaining in Jordan remain relatively undeveloped and minimum wage setting on Jordan is often ad hoc. As such, there is a need for a stronger wage policy to correct this market failure and produce efficient and socially desirable incomes for all. Indeed, failure of productivity growth to translate into higher wages at the lower end of the wage distribution has contributed to higher numbers of working poor, and to increased inequality. A wage policy should address these issues while ensuring that it is designed in a way that balances the interests of workers and employers and evaluated over time based on evidence and adjusted as needed.

### **Expedite the implementation of the National Employment Strategy**

The National Employment Strategy (NES) provides a vision for an inclusive and productive labour market. The Strategy document is complemented by an Action Plan, which was approved by the Council of Ministers in May 2011. The final Action Plan was then further elaborated into an “Implementation Plan”, which outlined for each action the main public agency responsible for oversight and delivery of the action, other implementation partners, resources required and a timetable. The implementation of the NES, however, remains modest. Currently the NES Action Plan is Jordan’s best response to the labour market impact of the Syrian refugee crisis but its implementation can be strengthened and its impact can be widened.

### **Improve national policy coherence to maximize job creation potential**

There were a large number of employment and livelihood programmes in Jordan even before the Syrian refugee crisis. These largely focused on self-employment and employability skills, job placement, and wage subsidies for bringing young people into the labour market. Nevertheless, despite this large investment in employment programmes prior to the refugee crisis, unemployment rates have not been substantially reduced. The reason was partially due to an incoherent national policy that promoted a low-skill export industry (based on migrant workers) while investing in educated Jordanian youth who aspired to good jobs. Indeed, since employment is a crosscutting issue that includes many policies simultaneously, there is a need to ensure that different programmes/policies produce coherent outcomes. With efforts increasingly being directed at employment and livelihoods as a result of the Syrian refugee crisis, it is now even more pertinent to address the issue of coordination and policy coherence. There is a definite need for a national coordinating mechanism led by the Ministry of Labour and linked to NES implementation. This should also include ministerial collaboration and coordination in establishing a common monitoring and evaluation system in order to build sustainable processes at the national level.



### **Maximize the job creation potential of the aid economy**

The current humanitarian drive to assist the Syrian refugees can in itself create jobs. Most international actors, including the UN agencies and especially UNHCR, are aware of the need to make aid more effective for development at the local level. However this awareness for increasing local spending or hiring local labour has yet to be fully realised. Nevertheless, the local sourcing of goods and services, where possible, is a fast and easy way both to jumpstart an economy and set off a multiplier effect that leads to job creation. By offering services that facilitate an increased number of contracts between Jordanian businesses and the international community, the impact of job creation on engendering stability and improving local communities will be evident. Doing business with small and medium-sized local firms, whenever possible, can also expand employment and other opportunities at the host community level. Moreover, it is crucial to reduce refugees' dependence on humanitarian assistance and provide them with the skills needed for self-reliance upon return to their home country. Aid money should also aim to assist the host communities, in terms of developing both skills and new businesses that could employ both Jordanians and refugees. The encouragement of self-sufficiency for refugees while providing assistance to host countries allows for new partnerships to emerge and, with hope, a better future for all can be established. In fact, this is the current strategic direction of several international organisations, particularly the ILO and the UNHCR.

## References

- ACTED. 2013. Food Security and Livelihood Intervention Opportunities for Syrian Refugees and Host Communities in Northern Jordan: An Assessment.
- Department of Statistics. 2010. Household Income and Expenditure Survey. Amman, Jordan
- Department of Statistics. 2006. Establishment census. Amman, Jordan
- CARE Jordan. 2012. Baseline Assessment of Community Identified Vulnerabilities among Syrian Refugees Living in Amman. Amman, Jordan.
- CARE Jordan. 2013. Syrian Refugees in Urban Jordan: Baseline Assessment of Community-Identified Vulnerabilities among Syrian Refugees Living in Irbid, Madaba, Mufraq, and Zarqa. Amman, Jordan
- Geir Ovensen and Pal Sletten. 2007. The Syrian Labour Market; Findings from the 2003 Unemployment Survey. Oslo: FAFO.
- Government of Jordan and the United Nations. 2014. National Resilience Plan 2014-2016
- Government of Jordan and UNDP. 2013. Jordan Poverty Reduction Strategy - Final Report
- Government of Jordan and the United Nations. 2013 *Needs Assessment Review of the Impact of the Syrian Crisis on Jordan*, Host Community Platform, Amman.
- Government of Jordan and UNDP. 2012. The Panoramic Study of the Informal Economy in Jordan.
- Government of Jordan and ILO. 2012. The Decent Work Country Programme 2012–2015. Beirut: International Labour Organization – Regional Office of Arab States.
- Government of Jordan, National Employment Strategy 2011-2020. Ministry of Labour and Ministry of Planning and International Cooperation, Amman, Jordan.
- Government of Jordan and ILO. 2009. Working Children in the Hashemite Kingdom of Jordan: Results of the 2007 Child Labour Survey. Amman, Jordan
- Henrik Huitfeldt and Nader Kabbani. 2005. Labour Force Participation, Employment and Returns to Education in Syria. Economic Research Forum. Cairo.
- International Federation of Red Cross and Red Crescent Societies and the Jordan Red Crescent. 2012. Syrian Refugees living in the Community in Jordan, Assessment Report.
- ILO 2012. *Global Jobs Pact: Jordan*. Geneva.
- ILO. Forthcoming 2014. Decent Work Country Profile for Jordan.
- ILO. 2013. Tricked and Trapped: Human Trafficking in the Middle East. Beirut: International Labour Organization – Regional Office of Arab States.

ILO. 2013. *Observation (CEACR), Jordan, Worst Forms of Child Labour Convention, 1999 (No. 182)*, adopted 2012, published International Labour Conference, 102<sup>nd</sup> Session, Geneva.

Jordan Labor Watch. 2012. Labor Protests in 2011, Analytical Report. Amman, Jordan.

Jordan Labor Watch. 2013. Labor Protests in 2012, Analytical Report. Amman, Jordan.

Mercy Corps. 2013. Mapping of Host Community-Refugee Tensions in Mafraq and Ramtha, Jordan.

UNDP. 2013. The Syrian Crisis: Tracking and Tackling Impacts on Sustainable Human Development in Neighbouring Countries: Insights from Lebanon and Jordan.

Roberta Gatti, et al. 2011. Striving for Better Jobs: The Challenge of Informality in the Middle East and North Africa. Washington, D.C.: World Bank.

Rochelle Davis and Abbie Taylor. 2013. Syrian Refugees in Jordan and Lebanon: A Snapshot from Summer, 2013. The Center for Contemporary Arab Studies, The Institute for the Study of International Migration, Georgetown University, Washington, DC.

CHF International. 2012. Syrian Refugees Crisis: Rapid Assessment. Amman, Jordan.

World Bank. 2013. Jordan Economic Monitor. Moderate Economic with Significant Downward Risk. Poverty Reduction and Economic Management Unit. Washington D.C.

## Appendix I

### Methodological note and data sources for estimations for the impact of Syrian refugees

All data pertaining to Jordanian population and labour force are from the Department of Statistics (DOS) and refer to the averages for the first three rounds (quarters) of 2010 as they compare to averages of the first three rounds (quarters) of 2013. This is to make a more accurate parallel comparison by minimizing seasonal variation in the data. It is important to point out that DOS labour force surveys do not include households whose members do not regularly reside in the country. Thus, Syrian refugees are largely excluded from such surveys.

Estimates of the Syrian refugee population in Jordan and in the four governorates, and their demographic characteristics, rely on published official registrations by UNHCR as of the third week of October 2013. Estimates of the extent of actual and potential Syrian refugee participation in the Jordanian labour market are based primarily on data and information extracted from CARE International Jordan field surveys as reported in *Syrian Refugees in Urban Jordan: Baseline Assessment of Community-Identified Vulnerabilities among Syrian Refugees Living in Irbid, Madaba, Mufraq, and Zarqa* which was published in April 2013. As this is a secondary source, the analysis presented here with regard to Syrian refugees remains tentative and only illustrative of the possible extent of their participation in the Jordanian labour market.