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## POLICY BRIEF

# FORMALIZING THE INFORMAL ECONOMY IN JORDAN TO PROMOTE WOMEN'S ECONOMIC PARTICIPATION



EUROMED FEMINIST INITIATIVE (EFI)  
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## SUMMARY

The informal economy expanded in Jordan in the last decade. Jordanian government, in collaboration with International Labour Organisation (ILO), adopted a framework to formalize the informal economy in 2014. However, efforts for its implementation are still lacking. The COVID-19 pandemic emphasized the importance of shedding light on the informal economy, after it revealed the fragility of the existing social protection system.

Around half of all employment in Jordan (48%) is informal, the majority of which consists of low-income, unskilled labour, lacking any legal or trade union protection. Women make up 56.8% of it. They are concentrated in the manufacturing, agriculture and service industries, but also found in secretariat positions, teachers in private schools, beauty salons, commercial shops, domestic work, and as owners of small businesses concentrated in food production, garment and sewing.

Women face multiple challenges hampering their work in both formal and informal work. In the formal economy, women suffer from the gender pay gap, are more concentrated in low-paid jobs, and face family's opposition to their employment among others. In the informal economy, women do not enjoy any level of social protection standards such as minimum wage, social security, number of working hours, compensation for overtime or work injuries, maternity leave, and other rights.

Formalizing the informal economy is a very complex process that requires addressing the root causes for the benefit of both workers and business owners, but also to societies at large.

Examining the needs and concerns of women, who represent more than half of the workers in the informal economy, and the number of multi-layered challenges they face, this policy brief recommends applying a comprehensive, gender sensitive approach in formalizing the informal economy which ensures the protection of women's labour and financial rights. Recommendations are drawn for the different relevant actors, including women in the informal economy themselves as both workers and owners of small and medium businesses, governmental actors and decision makers, as well as civil society.

Recommendations span from providing awareness raising on existing labour laws and registration procedures, proposing financial incentives and tax exemptions, revision of the social protection system, development and implementation of gender sensitive policies and national frameworks to formalize the informal economy, enhancing accountability and compliance of both the private and public sectors with labour laws, strengthening the coordination and networking among the various actors on local and national levels, and conducting research and studies to further understand and analyse the extent of the informal economy and women's status in it.

# GENERAL BACKGROUND: INFORMAL ECONOMY

## Definition

The informal economy is the unregulated, non-formal portion of the market economy, which produces goods and services for sale or for other forms of remuneration <sup>1</sup>. The ILO defines informal economy as “all economic activities that are – in law or in practice – not covered or insufficiently covered by formal arrangements” <sup>2</sup>.

ILO characterizes the work in the informal economy to be in small or undefined workplaces, with unsafe and unhealthy working conditions, having low level of skills and productivity, providing low or irregular incomes, having long working hours and lack of access to information, markets, finance, training and technology <sup>3</sup>.

The informal economy is diverse, ranking from wage employment and self-employment, to the diverse forms of own-account work and contributing (unpaid) family labour <sup>4\*</sup>.

## Women and men in the informal economy

In 2018, ILO calculated that around 61.2% of the world's employed population worked informally, with the percentage reaching 68.6% in the Arab states <sup>5</sup>. Globally, “Informalization of employment relations is an enduring feature of economic growth and the global economy”<sup>6</sup> especially after COVID-19.

According to ILO, 63% of men and 58.1% of women work informally worldwide <sup>7</sup>. Women are more often found working in the most vulnerable segments of the informal economy as domestic workers, home-based workers, or contributing family workers <sup>8</sup> found in agriculture for example. “Men are more likely to be in top-tier informal employment (e.g. employers), while women are more likely to be at the bottom” <sup>9</sup>. For example, more than 30% of women in informal employment in low- and lower-middle income countries are contributing family workers, usually considered as unpaid<sup>10</sup>, making them fully dependent on their families. Also, an estimated 75% of domestic workers, mostly women, are in informal wage employment, where they face specific issues associated with working in private homes, which are often not considered workplaces but private arrangements outside the scope of State regulations and labour inspections <sup>11</sup>.

\* ILO defines Contributing Family workers as “those workers who hold “self-employment jobs” as own-account workers in a market-oriented establishment operated by a related person living in the same household”.

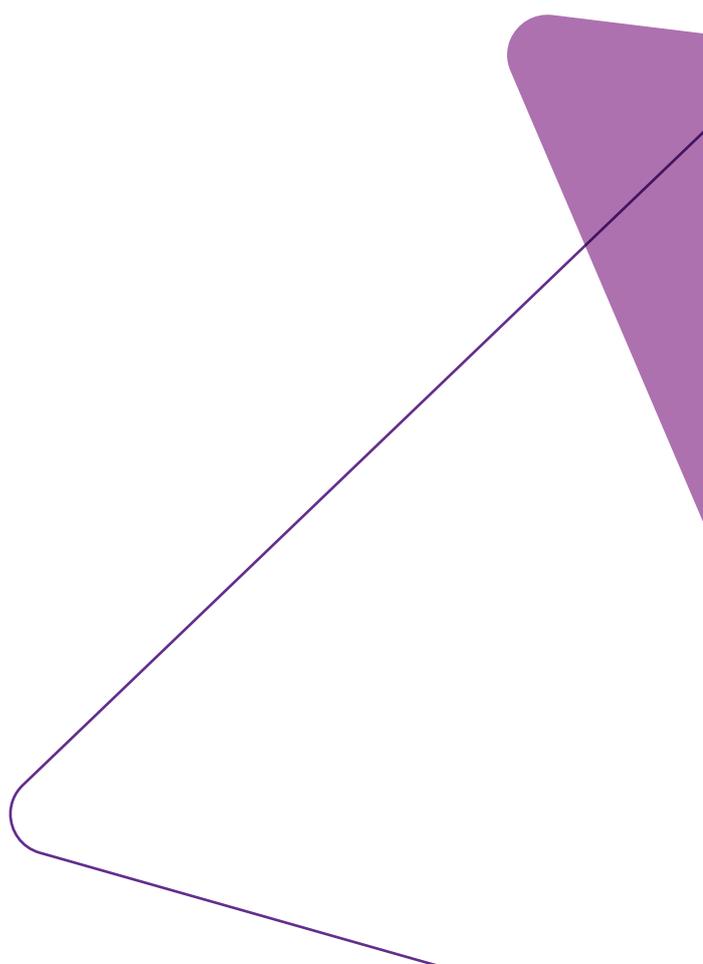
# INFORMAL ECONOMY: EXTENT IN JORDAN

According to ILO, it is estimated that around half of overall employment in Jordan is informal, the majority of which consists of low-income, unskilled labour, lacking any legal or trade union protection<sup>12</sup>. It is estimated as well that the size of the informal economy constitutes 26.5% of the GDP<sup>13</sup>.

In Jordan, informal work is widespread in various sectors, mainly construction, agriculture, and the services sectors. Generally, informal work can be found among street vendors, in domestic work, secretarial work, beauty salons, shops, car maintenance workshops, home maintenance, small and medium-sized companies and even in some civil society organizations under the name of “volunteers”<sup>14</sup>.

The informal working conditions often do not offer occupational health and safety conditions, workers are not entitled to annual and sick leaves nor official holidays, they are not registered under the umbrella of social security corporation nor provided with health insurance, and many do not even receive the minimum wages.

The COVID-19 pandemic emphasized the urgency of shedding the light on the informal economy, after it revealed the extreme fragility of existing social protection system and the shortcomings in its strategy, particularly in regard to sectors that are overwhelmingly occupied by women. For example, women working in the informal economy, such as unregistered home-based businesses (HBBs), encountered exacerbated challenges during the pandemic such as termination of work, loss of major clientele, and diminished income<sup>15</sup>.



# WOMEN IN THE INFORMAL ECONOMY IN JORDAN

EuroMed Feminist Initiative (EFI) supports the implementation of the “Engendered Strategy of Jordan Economic Modernization Vision (EMV)” (2022), within the framework of the program “Towards stronger economic participation of women in Jordan” funded by the European Union (EU). The program is implemented in partnership with Business Development Centre (BDC), and Tamkeen for legal Aid and Human rights. Through the process of developing the engendered strategy for the EMV, a part was devoted to analysing the situation of women in the informal economy and highlighted that women constitute the largest percentage of workers in the informal economy in Jordan, particularly within the manufacturing, agriculture and service industries. The executive summary of the strategy showed that 48% of the total employment in the Jordanian economy is informal, where women make up 56.8%<sup>16</sup>. Among them, 25.6% work in elementary occupations, which are low-income occupations that cannot be undertaken remotely, making them unsustainable.

According to the Jordanian National Commission for Women's (JNCW) data, women's informal work can also be found in secretariat positions, teachers in private schools, beauty salons, commercial shops, ancillary health services such cleaners in hospitals and hotels, domestic work, and with women's own small businesses concentrated in food production, garment and sewing<sup>17</sup>. In the agriculture sector, an important source of informal employment<sup>18</sup>, the majority of workers are women, and 92.3% of them work informally<sup>19</sup>.

The reasons that push women to seek employment in the informal sectors, despite the difficult working conditions, are diverse. The proximity between work and the women's home is one of the reasons, since women, due to their double burden 20 ◊, prefer to avoid long commutes to and from the workplace. Furthermore, most women and girls in remote areas avoid applying for jobs in cities to avoid using public transportation, which they consider to be unsafe in terms of speed and harassment 21∞. Other factors include the scarcity of decent job opportunities, and the failure of university graduates to get a decent job opportunity 22. Furthermore, the absence of social policies like childcare systems and maternity benefits can force women into the more “flexible” employment which comes with less pay and security 23.

As a result, women are pushed to informal professions, or unregistered HBBs<sup>24</sup>. However, in focus group discussions (FGDs) conducted within the framework of the program “Strengthening access to protection, participation and services for women refugees and host communities” implemented in Jordan during 2018-2020, women said that the typical role of women, which is linked to performing household tasks, prevents them from economic participation<sup>25</sup>. Therefore, women are compelled to work from home in order to achieve the required balance between house chores such as raising children, caring for the elderly, etc., on one hand, and establishing a HBB where they can generate their own income<sup>26</sup>. Another common issue raised by women during the FGDs was the uncomfortable

◊ The workload of persons (typically women) who work at paid jobs while also having responsibility for a significant portion of unpaid domestic and care labour.

∞ This observation was demonstrated by 42 focus groups conducted by Tamkeen during 2019 and 2020 in the framework of the program “Strengthening access to protection, participation and services for women refugees, IDPs and host communities” funded by the EU Regional Trust Fund in Response to the Syrian Crisis, the EU MADAD Fund. The FGDs explored women's tendencies to enter the labor market in each of the areas: East Amman, Azraq, Azraq camp, Deir Alla, Jerash, and Ajloun.

work in certain environments with long working hours, and when family and traditions prevent them from getting a job at certain sectors <sup>27</sup>.

Moreover, women's participation within the informal economy tends to be higher when the access and the right to control and own property or land are denied to them <sup>28</sup>. In Jordan this can be linked to inheritance rights being denied, or women being pushed to give up their share. Also, women are more likely to be in informal employment in contexts of greater institutional discrimination <sup>29</sup> such as having discrimination in laws, policies, and regulations. and their implementation.

## Challenges women face in informal work

Many challenges hamper women's work in both formal and informal economy. Women earn less income, have fewer savings, work in insecure jobs and live at the poverty line. Women also bear the double burden of unpaid care work; as care and domestic work often come at the expense of paid work opportunities<sup>31</sup>. Additionally, women lack having comprehensive services to protect them from sexual harassment and violence in the workplace. Furthermore, there is a scarcity of appropriate means of transportation and weak infrastructure, challenging women's access to employment.

In the formal economy, women suffer from the gender pay gap, are more concentrated in low-paid jobs, and face family's opposition to their employment. They face discrimination in terms of career development and on the job training opportunities. In the informal economy, women do not enjoy any level of social protection standards such as minimum wage, working hours, compensation for overtime or work injuries, maternity leave, and other rights <sup>32</sup>.

Finally, individuals, including women, are unwilling to register their businesses for several reasons. According to a study by the Economic and Social Council <sup>30</sup>, the reasons included high taxes enforced on registered establishments and a lack of awareness among small business owners about the benefits of the social security and labour law. Many operating in the informal economy were also unaware of their informal sector status, not knowing that they should register. Even if they were aware of registration, they did not know where to begin or the reasons for doing so.

These women generally face a double penalty; being paid lower wages than formal workers, and as women being paid lower wages than men<sup>33</sup>.

Furthermore, women working in the informal and care economy are rarely targeted by development projects, thus seldom benefiting from any public investment, be it in training, education or health, especially at the micro level<sup>34</sup>.

In general, work environments are unfriendly to women, however women in informal employment are not even covered by the rights stipulated in the Jordanian Labour Law for annual, sick or maternity leave, and are subjected to harsh working conditions that are contrary to national legislation and international standards.

Thus, formalizing the informal economy needs to apply a comprehensive and gender-sensitive approach in order to address all the multi-layered challenges and enable women's equal economic participation.

# FORMALIZING THE INFORMAL ECONOMY

## Slow progress in formalizing the informal economy

Formalizing the informal economy is a very complex and long-term process that requires addressing the root causes that are multiple and relate to the economic and institutional environment; such as the inability of the economy to create quality jobs, an inadequate regulatory framework or a lack of transparency and accountability of public institutions<sup>35</sup>.

The informal economy has expanded in Jordan in the last decade for several reasons, mainly due to economic policies which have decreased the capabilities of the Jordanian economy to grow and create jobs, leading to increased unemployment rates and poverty.

Additionally, factors such as the weak implementation of labour-related laws and policies, the weak role of trade unions, and the influx of Syrian refugees have contributed to this expansion<sup>36</sup>. According to the Labour Force Survey (2017), around 23.7% of Jordanians and 84.7% of non-Jordanians are working informally<sup>37</sup>. Moreover, Syrian refugees, including women, fragilized by Decree No. 19<sup>38</sup>, were further driven to work in the informal economy, worsening their vulnerability.

As the informal economy expands, it has increasing negative effects causing greater harm to social security, health insurance, other forms of insurance, labour rights, and general legal protection. Informalizing economy clearly weakens quality control over goods and services provided to the community due to noncompliance with policies and regulations.

High tax rates and fees, social security contribut-

ions, and regulation costs are the most significant driving forces for the expansion of informal activities<sup>38</sup>.

In 2015, the ILO adopted Recommendation No. 204<sup>\*\*</sup> concerning the transition from the informal to the formal economy<sup>39</sup>. However, and in the context of the COVID-19 pandemic, "the world has seen informality, and consequent impoverization, increase across different countries"<sup>40</sup>.

Although the Jordanian government, in collaboration with ILO, adopted a framework to formalize the informal economy in 2014, efforts for its implementation are still lacking<sup>41</sup>. The initial goal was to strengthen an integrated approach to the formalization process. However, Jordan has not yet witnessed serious developments to the still expanding informal economy.

The lack of awareness regarding the significance of formalizing work and integrating it into the formal economy is a key factor behind the growth of the informal economy. This also includes private companies evading social security registration, tax payments, and labour market regulations, as well as skirting legal and regulatory barriers.

Civil society actors and academics have pinpointed the lack of continuous governmental follow-up in its efforts to counteract the informal economy. The urgent need to widen the circle of vigilance was further highlighted during the pandemic, as the existing system failed to protect daily and informal workers, mainly women, from poverty and extreme vulnerability.

<sup>38</sup> This decree, which was issued in October 2019 by the Ministry of Labour (MoL), stipulated the closed professions for migrant workers, among whom Syrian refugees. These professions include, but are not limited to office and administrative work, sales, and beauty salons. Under certain conditions, an exception can be obtained for non-Jordanians to work in some sectors like care, hospitality, and agriculture.

<sup>\*\*</sup> Recommendation No. 204 provides a holistic approach and policy guidance to the formalization of the informal economy and employment, including specific attention to more vulnerable categories of informal workers, together with the principles of equal rights and non-discrimination.

### For women owning their small businesses, formalizing their work is further hindered due to:

- The existing regulations do not consider women's inability to pay the taxes required to register businesses that do not necessarily generate a stable income or sufficient profits.
- There is a lack of clarity regarding the benefits and responsibilities entailed by officially registered companies.
- The majority of businesses run by women are related to food, clothing manufacturing, and beauty services, characterized by seasonal or irregular income.

The formalization of the informal economy can be further challenging for women, especially when looking at the existing social protection umbrella. Formally employed women do not enjoy equal rights and benefits with men. Women benefit less from insurances, such as retirement salaries, due to a low employment rate, low participation in social security, or working in lower paid jobs. A low percentage of women are registered in the social security corporation, where women are merely 28.4% of active participants, compared to 71.6% men<sup>42</sup>. This is a large gap requiring all stakeholders to find solutions to promote women's participation in the formal labour market and to support their role in the development of the national economy.

Women's needs and concerns in the informal economy are often neglected in the design and implementation of formalization and social protection strategies. Existing systems often assume full-time employment without interruption over the work life, whereas women may experience more frequent interruptions in employment, longer periods devoted to caring for others, lower labour market participation, more part-time work and lower earnings<sup>43</sup>, and needing maternity leaves. The extension of social protection to the informal economy should take into account the gender-specific risks and vulnerabilities<sup>44</sup>.

The attempts to formalize the informal economy should address these different factors, including but not limited to addressing the financial burden of taxes, fees and social security, strengthening the enforcement capability and institutional quality of governments, facilitating the regulatory process for the financial and product market, and increasing local competition while reducing monopolies and market dominance<sup>45</sup>.

Formalizing the economy means that economic activities should be fully declared, covered by legislation, and provided effective protection through the following actions<sup>46</sup>:

- 1.** Extending legal coverage to those excluded or insufficiently covered.
- 2.** Providing an adequate level of legal protection without exclusion.
- 3.** Ensuring an effective compliance with laws and regulations.

## Benefits of formalizing the informal sector

**Formalizing the informal economy can bring benefits to both workers and business owners, but also to societies at large.**

With formalization, workers will have improved access to rights at work, social security, decent working conditions, representation and national policy dialogues<sup>47</sup>. Formalization can lead to increased membership with trade union associations with the right to organize and bargain collectively. Formalization can also provide workers access to social safety nets and support programs that are only available to formal workers.

For business owners, formalization can contribute to enhancing the public image of their business, increasing trust by their customers, strengthening social validity, and feeling protected and secured<sup>48</sup>. Formalization gives business owners increased access to finance such as access to credit, loans, and aid in times of crisis. Informal businesses often have limited access to formal financial services, such as bank loans and credit lines. Through formalization, businesses can build credit histories and demonstrate their financial viability, making it easier for them to access formal financial services. Registered businesses can access formal credit, which can be used to invest in equipment and technology, leading to increased productivity and competitiveness. Formalizing the business will also enhance the access to markets, access to imports and exports through formal channel, reduction of the influence of corruption, greater respect for commercial contracts, and fair competition<sup>49</sup>. Formalizing the economy can help ensure that all businesses adhere to the same rules and regulations. The formalization of enterprises, including through increased productivity and better market access, contributes to their sustainability and fosters fair competition in national and international markets<sup>50</sup>. Government support in times of crisis, such as during the COVID-19 pandemic, is significantly facilitated when businesses are in the formal economy.

For society at large, formalization reduces poverty and leads to greater equality among people, increases tax fairness and equity about the contribution to public budget, and ensures greater social cohesion<sup>51</sup>. Formalization of the economy will enhance tax revenue (addressing tax evasion in the informal economy), which might in turn be used for programs allocated to support the poor and vulnerable populations including women<sup>52</sup>. Formalization contributes to lifting citizens out of poverty, creating jobs that can last generations and bringing tax and government benefits to all citizens. Formalization benefits society as a whole because it enhances the government's scope of action, notably by allowing increased public revenues and strengthening the rule of law. It also contributes to fairer societies by distributing rights and obligations among its members more equitably<sup>53</sup>. Informal businesses may not adhere to quality standards and safety regulations. Formalization can ensure that businesses comply with these regulations, improving the quality of products and services, and promoting public health and safety. Formalization is also a condition for achieving several SDGs, including 1, 5, 8, 10 and 17<sup>54</sup>.

Having a gender-sensitive approach to formalizing the economy will bring greater rights to women as follows:

- Social protection schemes, including cash transfers combined with rights related to maternity and children, access to employment, and social pensions can address gender-specific constraints in the labour market and society in general. Investing in such programs is important for children's health and education and can increase women's income security and labour force participation<sup>55</sup>.

- Social insurance programs are an important protection for women against social risks such as unemployment, old age, maternity and ill health. Maternity rights are intended to protect women from economic losses, gender inequalities and health related risks. The high level of income insecurity among women in the informal economy makes it challenging to reduce work time in paid and unpaid work before and after childbirth. Many therefore work far into their pregnancies or resume work soon after childbirth, exposing them to significant health risks<sup>56</sup>. Formalizing the economy means women will benefit from existing maternity rights such as paid maternity leaves.
- Employment histories reveal that women work fewer years, have shorter periods of consecutive employment and are more likely to be in the informal employment. Gender differences in labour market patterns largely explain the difference in pension rights in old age, where women tend to be less insured and covered. Formalizing the informal economy will contribute to achieving gender equality in the labour market, and in turn ensuring pension coverage more equally for both women and men.
- Formalization can lead to a decrease in the gender pay gap and ensure equal access to labour rights as businesses shall follow existing rules and regulations in the labour law.



# THE NEED FOR COMPREHENSIVE GENDER SENSITIVE-SOLUTIONS

Formalizing the informal economy still depends on the willingness and ability of business owners to register their employees in social security and provide them with their basic labour rights. Hence, it is essential to find a legal mechanism that forces both private and public establishments, regardless of their size, to cover their employees with social security and give them their full rights and protection<sup>57</sup>.

Comprehensive approaches and solutions are needed to formalize the informal economy and ensure the protection of women's labour and financial rights. Exploring the previous studies and policy papers on informal economy, combined with the outcomes of the program "Towards stronger economic participation of women in Jordan" funded by the European Union (EU), and the results of the "Engendered Strategy of Jordan Economic Modernization Vision" the following recommendations are drawn:

## Recommendations for governments and decision makers

The government institutions have a huge role and responsibility in transitioning from the informal economy to formal. Gender-sensitive risk management instruments are critically needed to ensure that current attempts to extend social protection to informal economy workers do not leave women behind<sup>58</sup>. Measures that can be taken by the government and relevant decision makers to encourage actors to formalize their activities include:

- ▶ Review the social protection system in Jordan to include the largest possible number of women and men workers under the umbrella of social security, in order to limit the expansion of informal work. Designing social protection systems adapted to the needs of both women and men requires a better understanding of the barriers faced by women to formal employment, and the challenges in informal employment, which should also be linked to "the provision of quality care services, promotion of equitable sharing of unpaid care work and improvement of working conditions"<sup>59</sup>. Social protection system design can either mitigate or reinforce gender inequalities.
- ▶ Mainstream gender into all aspects of design and implementation of social protection strategies and programs to address gender constraints faced by women in general and women in informal employment in particular. Link all social protection strategies and programs to other policy areas, including to the provision of quality care services, promotion of equitable sharing of unpaid care work and improvement of working conditions in the care sector.
- ▶ Reconsider work policies that focus on building an investor-friendly environment at the expense of decent work conditions and standards, so that a balanced relationship is built that works to encourage investors on the one hand, and respect workers' rights to decent work conditions on the other.
- ▶ Review, update and implement the "National Framework for formalizing the informal economy 2014", and implement it using a gender-sensitive action plan.

- ▶ Provide tax exemptions to smaller businesses as the practice is for foreign investors. Consider provision of incentives and tax deductions to employers who respect labour rights.
- ▶ Promote the role of the Chambers of Industry and Commerce in encouraging their members to be covered with social security and health insurance, and to extend more efforts to widen the registration of private establishments, regardless of their size, in these chambers.
- ▶ Ease registration procedures whether in terms of government financial resources or social protection for the most vulnerable workers, the majority of whom are women, whether Jordanians, migrants or refugees. Expand the provision of exemptions from registration and licensing fees for women-led businesses.
- ▶ Enhance accountability and compliance within the private sector with laws and standards in terms of formalizing their institutions.
- ▶ Adopt tools and mechanisms to enforce the labour and social security laws by updating the methods and techniques of work-site inspections, increasing the number and efficiency of inspectors, applying inspections with a gender-sensitive approach, and increasing penalties for employers who violate labour legislations.
- ▶ Expand the work of the labour inspection unit to ensure they follow up on violation of labour rights and cases of sexual harassment. This includes increasing inspection programs and specific visits to make sure that employees are covered by basic employee rights. Inspection should target both social security issues and labour law issues. Explore the creation of a special unit to investigate sexual harassment.
- ▶ Consider the amendment of Article 98 of the Labour Law so that all working women and men, whether in the formal or informal economy, have the right to establish their trade unions, without requiring the approval of the tripartite committee formed by the Minister of Labour, in order to comply with the relevant international labour standards that guarantee freedom of trade union organization as an effective tool in defending and protecting the interests of workers, and a main guarantor of the application of decent work standards.
- ▶ Reinforce all efforts to promote and secure a friendly work environment for women in both the public and private sectors encouraging women to join the formal economy.
- ▶ Apply participatory approaches to tackling the challenges of the informal economy within local integrated development strategies, through collaboration with local authorities such as municipalities, Women Economic Empowerment Units (WEEU), chambers of commerce, local councils, and civil society. Using participatory approaches with local communities, focusing on women, can generate comprehensive responses to support informal economy workers and entrepreneurs.
- ▶ Develop mechanisms to measure the extent of the informal economy and collect gender disaggregated data using national surveys through the Department of Statistics. It is becoming more crucial to have gender and informality statistics, to inform national policymaking processes and support reporting on commitments such as the SDGs, Recommendation 204 of ILO on transition from the informal to the formal economy, CEDAW, and the Beijing Platform for Action<sup>60</sup>.

- ▶ Conduct national studies on the status and conditions of women working in the informal sector to adopt the best strategies and approaches for formalizing their work and ensuring their labour rights are respected.
- ▶ Ensure coherence among different types of legislation, namely labour and social security law, enterprise legislation and trade union law, to support sustained transitions to formality.

## Recommendations for civil society organizations, especially women-led

Civil society has been working on promoting women's economic participation in Jordan for a long time. However, there is still a need to focus more on addressing the needs and concerns of women in the informal economy.

- ▶ Collaborate with relevant ministries to simplify registration and licensing processes and spread information with step-by-step procedures.
- ▶ Conduct awareness campaigns on existing regulations and protection mechanisms for registered businesses.
- ▶ Work on targeting women working in the informal economy to increase their knowledge about their labour rights, existing legislations and procedures to formalize their work, and support them in formalizing their businesses.
- ▶ Provide gender sensitive vocational trainings and technical support services for business development and financing.
- ▶ Hold training courses for workers in women's organizations and trade unions on concepts related to informal work, and the situation of women in informal economy, as well as ways to formalize their work.
- ▶ Advocate for the development and implementation of gender-sensitive national policies and procedures to formalize the informal economy taking into consideration women's needs and concerns.
- ▶ Provide continuous counseling and mentorship to enhance HBB owners' entrepreneurial skills. Encourage networking between well established businesswomen and emerging HBBs, through regular meetings, and counseling services. Coordination can also be established between small businesses in the same geographical areas.
- ▶ Strengthen the coordination and networking between civil society with local authorities including municipalities, local councils, WEEUs, relevant ministries and governmental institutions to design, implement and monitor actions formalizing the informal economy.
- ▶ Support resilience for women-led businesses and provide long-term support including emergency cash assistance, skill development and certification, among others. Extend the timeframe of the programs supporting women-led business to allow for continuous follow up.

## Recommendations to formalize HBBs led by women

To encourage the women owners of informal HBBs to register and boost their formal participation in the labour force, the following is recommended:

- ▶ Encourage self-employed women to register for social security by providing a favourable legal and financial framework to facilitate and ease the registration process.
- ▶ Advocate for providing incentives to lower monetary costs for establishing, registering, and operating small and medium businesses, in addition to offering tax exemptions for a grace period of up to three to five years.
- ▶ Introduce different bands of social security coverage. The existing band for the self-employed relies only on optional registration, where 17.5% of the salary must be paid to the social security system. According to the various studies, this percentage is considered high, especially for women who generate lower income. The high social security contribution could be revised to offer a reduced payment for HBBs.
- ▶ Enhance the role of vocational and technical training services for informal workers. These services could act as incentives for informal workers to expand their operations and register their businesses.
- ▶ Promote successful stories to showcase licensed home-based services and products. Introduce marketing initiatives for licensed HBBs such as annual festivals and periodic exhibitions. Establishing weekly local markets across all governorates can also be beneficial for women to market their products.
- ▶ Ensure the availability of appropriate means of financing with reasonable costs and conditions. Provide comprehensive information about available finance programs, institutions, and initiatives and their financing tools and conditions.
- ▶ Support free-of-charge eCommerce platforms for women to display and sell their products which will enhance the marketing options, especially for self-employed women and women owners of small businesses and HBBs. The current fees of existing platforms are perceived by HBB owners as unaffordable for most of them<sup>61</sup>.
- ▶ Encourage informal women-led HBBs and small businesses to organize themselves using alternative frameworks such as cooperatives. This will allow women to organize their efforts, enhance their skills, and regulate their work.

## Recommendations for women in the workers in informal economy

To encourage women workers in the informal economy, to pursue formal employment:

- ▶ Raise the level of awareness among women workers in the informal economy about labour rights, and alternatives to informal work.
- ▶ Support access of women workers in the informal economy to information on formal job opportunities.
- ▶ Ensure the provision of legal counselling and representation for women facing labour rights violations.
- ▶ Promote certified vocational and technical training services, which can incentivize women to register their businesses, and/or be able to join formal employment.
- ▶ Encourage informal women workers to organize themselves in their local communities with civil society, municipalities, WEEUs, and local councils to raise their concerns, needs and demands.

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