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COVID-19 AND WOMEN'S ECONOMIC EMPOWERMENT: POLICY RECOMMENDATIONS FOR STRENGTHENING JORDAN'S RECOVERY

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Photo: UN Women/ Lauren Rooney

UN Women Jordan has recently published two research reports relevant to Jordan's economic recovery efforts from the COVID-19 crisis: *Covid-19 and Women's Economic Empowerment: Policy Recommendations for Strengthening Jordan's Recovery* (April 2020);¹ and *Fiscal Policy, Taxation and Gender Equality in Jordan* (September 2019),² conducted jointly with the Jordanian National Commission for Women (JNCW). This short brief provides an overview of key findings and recommendations.

The Jordanian Government has undertaken important measures to counteract the negative economic outcomes of the Covid-19 epidemic, expanding cash- and in-kind transfers and social security networks for the most vulnerable households; and supporting businesses while mandating the protection of private sector employment, including those who are informally employed and the self-employed. Yet, given the huge magnitude of the pre-existing gender economic gaps in Jordan, these measures need to be enhanced to ensure a gender responsive recovery of the fiscal and labor market policy responses to the pandemic induced economic recession, to recognize that if they are gender-aware, they can counteract the economic crisis with enhanced efficiency, while simultaneously remedying the gender imbalances.

An important economic outcome of the pandemic induced crisis affecting most women, independent of their socioeconomic or employment status, is the significant increase in their unpaid care workload. These gendered changes in the unpaid and total workload under pandemic conditions carry implications beyond women's overall physical and psychological wellbeing. Under the pandemic induced time squeeze, women workers are likely to display a higher tendency to quit their jobs. At best, given the gender differences in time constraints, married women in employment will be more likely than their male counterparts to experience falling productivity and job motivation, with consequences over the medium-term for gender gaps in

pay and promotion. Another striking finding is that more than one in every two critical workers (51% of health workers and 58% education workers) is a woman, which underlines the crucial contribution of women's presence in the labor market under the pandemic conditions. Hence the pandemic conditions provide an opportunity to unveil the contributions of women's (under-) paid work to the Jordanian economy and increase its visibility.

There is overwhelming consensus around the world that active fiscal policy and stimulus packages will be of utmost importance in responding to the current economic crisis triggered by the pandemic. Reviewing fiscal policy from a gender perspective is more important than ever. The recent income tax reform in Jordan facilitated a slight shift from indirect (sales) to direct (income) taxes as the source of public revenues. While this is a step in the right direction, Jordanian tax revenue collection continues to depend heavily on indirect taxes. Given the regressive nature of indirect taxation, women who are concentrated at the bottom of the income ladder tend to bear a larger burden. Also, an assessment of the gendered impact of the 2019 tax reform in Jordan provides some mixed findings. An important gain of the recent reform is that the new personal income tax law introduced an explicit acknowledgement of the female breadwinner status affirming women's right to benefit from tax exemptions for dependents upon her request, without the conditionality under the previous implementation of the law, of being either a widow or a divorced woman. Single female breadwinner households are now subject to similar income tax rates as single male breadwinners, while under the previous implementation single female breadwinners could be subject to a higher tax rate. Individual filing remains an option for spouses, which prevents secondary earners (generally women) from being taxed at a higher marginal rate and hence encourages women's employment and dual earner households. Nevertheless, joint filing remains as an option for married couples (subject to the approval of both partners). The risk is that without proper knowledge and awareness a woman may agree to joint filing without an understanding of the negative implications.

¹ <https://jordan.unwomen.org/en/digital-library/publications/covid-19-and-wee-policy-recommendations>

² <https://jordan.unwomen.org/en/digital-library/publications/fiscal-policy-taxation-and-gender-equality-in-jordan>

Beyond the revenue side, public spending is an important channel through which the gendered effects of fiscal policy prevail. Due to women's structural roles as primary care givers in the family, cuts in public spending and consequent deterioration in quantity and quality of health, education and social services increase their unpaid work burden, impose more binding constraints on their time and acting as a deterrent to their equal access to employment and earnings. Under the austerity measures in Jordan, public expenditures have experienced a sharp decline (by almost 10 percentage points in the past decade), including public investment and social spending.

In the context of designing the fiscal and labor market policy responses to the pandemic induced economic recession, it is vital to recognize that if gender-aware, they can counteract the economic crisis with enhanced efficiency, while simultaneously remedying the gender imbalances. Policy interventions are required in the following areas in order to facilitate a gender-responsive recovery and to enhance women's economic empowerment, a long-standing goal of the Jordanian Government:

1. Public investments

In view of the need for unprecedented fiscal stimulus spending, prioritize public investments and expenditures on a high-quality social care services infrastructure (early childhood care and pre-school education, education, health care, long-term care, elderly and disabled care and social services for minorities):

- Recognizing the double potential of such fiscal spending choices for alleviating constraints on women's labor supply simultaneously with boosting labor demand and generating substantially higher number of new jobs – particularly for women – than other sectoral spending given the high labor intensity of the social care services sector (as evidenced by recent empirical studies elsewhere);
- Setting decent jobs creation as a priority objective of macroeconomic policy and recognizing the linkages between fiscal spending allocations and their differential employment generation potential.

2. Gender budgeting

Use gender budgeting at the national and local levels as a tool to evaluate and reallocate public spending in order to promote gender equality.

3. Gender egalitarian work-life balance

Undertake effective measures for reduction and redistribution of unpaid work through gender egalitarian work-life balance practices both in public and private

workplaces, including care leave and insurance, regulation of decent workplace hours, flexible work options which should be promoted with a life-cycle approach, avoiding creation of permanently flexible 'female' jobs but promoting temporary work arrangements both for male and female workers with care responsibilities (See UN Women 2018 for a detailed discussion of policy options).

4. Tax incentives

Use tax incentives to enhance households' access to social care services, such as additional exemptions in personal income tax for care expenditures and granting of tax incentives to the social care services sector (under Article 81 of the new taxation law which foresees that tax incentives may be granted to specific sectors in accordance with the needs of the economic interest).

5. Paid care work

Protect and support paid care workers taking account of the gender dynamics in these critical sectors (including domestic workers).

6. Gender-sensitive monitoring mechanism

Build a gender-sensitive monitoring mechanism for the implementation of employment protection measures in view of women's specific needs and constraints; and support to women owned businesses.

7. Labor market interventions

Design labor market interventions to promote women's employment with a focus on women's economic empowerment and gender equality, and not simply 'increasing women's employment rate.'

8. Social protection

Undertake gender responsive social protection measures whereby income support and social protection measures take into account household dynamics and women's vulnerabilities, prioritize female-headed households and deliver transfers directly to adult women members;

- Including active labor market policies such as Community Works Programs on Social Care in an expanded social protection policy menu to support lower skilled women's re-entry into the labor market.

9. Gender-inclusive crisis management

Ensure a gender inclusive and integrated crisis management and response through effective representation of women and women's organizations in response and recovery decision-making mechanisms.