



COVID-19
RESPONSE



POLICY BRIEF

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

May 2020

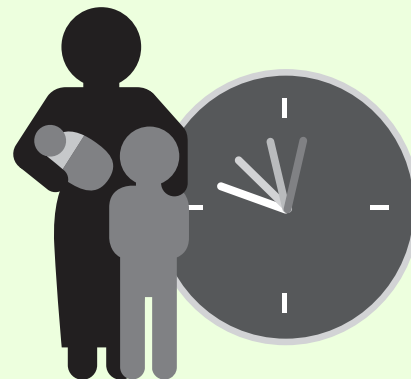
Photo: UN Women/ Lauren Rooney

This policy brief is based on the findings of two research reports by UN Women Jordan: *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).

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 significant magnitude of the pre-existing gender economic gaps in Jordan, these measures need to be enhanced to ensure a gender responsive recovery and therefore a fuller more effective recovery for the country. Such a gender responsive policy approach should attempt to address the falling demand for many forms of employment (paid work) simultaneously with rising demand and deteriorating conditions for various forms of care work (unpaid domestic work, (under-) paid formal and informal care

work). The report points out that the pandemic provides an opportunity to “un-stereotype” the gender roles that play out in households not only in Jordan but also in many parts of the world and to enlist men and boys to ensure that they are doing their fair share at home and alleviating some of the care burdens that fall disproportionately on women. It also provides an opportunity to appreciate the crucial role of the social care services sectors in building resilient and sustainable economies.

**WOMEN SPEND 17.1 TIMES MORE
TIME THAN MEN ON UNPAID
WORK.**



**THE IMPACT OF THE CRISIS
INCREASES THAT GAP TO 22
TIMES MORE TIME THAN MEN ON
UNPAID WORK.**

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>

The Covid-19 Pandemic has been an unprecedented global health crisis, while simultaneously threatening one of the worst global economic crises of our times. The projection by the IMF of global GDP growth for 2020, stands at minus 3 per cent, second only to the Great Depression and far worse than the economic contraction of the 2008-2009 financial crisis. The IMF estimates that Jordan's projected real GDP change in 2020 will be minus 3.7 per cent.³ The measures taken in many countries to mitigate the health risks associated with the pandemic have inevitably triggered negative economic outcomes for women and men alike. Nevertheless, these effects are also likely to have gendered patterns in terms of their magnitude and content, as shaped by the different positioning of women and men in the labor market and in household production.

An important economic outcome of the pandemic induced crisis affecting most women, independent of their socioeconomic or employment status, is the increase in their unpaid care workload. The gender disparity in Jordan in terms of time allocation to paid versus unpaid work is already substantial: women spend 17.1 times more time than men on unpaid work (vs. a global average of 3.2), while men spend 6.5 more time on paid work than women (vs. a global average of 1.8). Estimations based

on time-use data for Jordan, show that the unpaid work demands on women's time is likely to undergo a dramatic increase under the pandemic conditions, such as school closures (increased childcare demands), suspension of market services (lack of access to market substitutes to household production, and hence increased demand for domestic production of goods and services), higher vulnerability of the elderly and risk of illness (increased elderly and ill care demands).

For married women with school age children, the increase in the unpaid work time can be up to 18 to 24 hours per week. In the case of women who are in employment (i.e. also perform paid work), the total workload is estimated to reach 80-85 hours per week. In the case of health (and also to some extent education) workers whose paid workload is also likely to increase, the weekly workload including paid and unpaid work is estimated to go over 90 hours per week. These findings point to an alarmingly unsustainable situation for women in employment in general, and even more so for women in the critical sectors such as health. By contrast, the estimated impact on men's unpaid and total work time is low independent of their marital or employment status, assuming that the gender distribution of paid/unpaid work remains the same. In the extreme-case scenario, men undertake at the most 47 hours of total paid and unpaid work weekly.

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 might 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-run for gender gaps in pay and promotion.

The time squeeze carries implications not only for women's wellbeing and employment, but also for the overall wellbeing of all household members, particularly those who are more dependent on care support such as children, ill, disabled and elderly. This is particularly important under the pandemic since better nutrition, hygiene and care is key to preventing the spread of the virus. Hence a gender equal distribution of unpaid care work carries significant implications not only for gender equality but also for the effectiveness of the pandemic measures.



Photo: UN Women/ Lauren Rooney

³ IMF (2020), <https://www.imf.org/en/Countries/JOR>



Photo: UN Women/ Christopher Herwig

Another important gendered economic outcome of the pandemic pertains to the direct impact of employment. A 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. This is despite the extremely low female employment rate in Jordan (only at 10.3%),⁴ and underlies the strong gender jobs segregation, with the few employed women heavily concentrated in the care sectors. More than half (56.1%) the Jordanian women in paid employment are in these critical sectors (with 40.9% employed in education and 15.2% in health), as compared to only 9.9% of male employment in these two sectors, where they face intensifying employment conditions, increasing paid work hours and increasing job-related health risks. Hence the pandemic conditions provide an opportunity to highlight the contributions of women's (under) paid work to the Jordanian economy and increase the visibility of women in employment.

An investigation of the recessionary impact of the pandemic measures on the sectors which have been hit hard by the lockdown and quarantine measures, (such as accommodation/tourism and food services, transport, wholesale and retail trade, to some extent manufacturing and construction) shows that the risks of job and income losses are more concentrated amongst men workers than women, both in terms of absolute numbers as well as relative shares of employment. A fall in demand for these directly impacted sectors in the absence of government

interventions threatens to decrease labor demand by 23.5%, putting as many as 318 thousand workers at risk of unemployment (287 thousand men and 31 thousand women). Taking account of the recent government measures at supporting businesses and protecting employment in these sectors, the estimated job loss decreases substantially to 13.7% of employment but is nevertheless considerable (possibly up to 171 thousand lay-offs; with 155 thousand men and 16 thousand women).

The relatively weaker direct employment impact on women is primarily due to the very limited presence in employment along with their overwhelming concentration in the less-affected sectors such as health and education. Almost half (49.5%) of male employment is in the high- or medium-contraction sectors versus 18% of female employment.

While women suffer relatively lower direct employment risks than men, many face the consequences of the recession indirectly through the impact on the male breadwinners in their families. The dominant household structure in Jordan is a male breadwinner household (two thirds of all households), where women and children are dependent on the earnings of the male head. Only 13% of households have both women and men employed. Only-women employed households, on the other hand, comprise just 3% of the total. The dependence on male breadwinner increases the vulnerability of the households in the face of adverse economic shocks, while the dual earner households are likely to have higher resilience.

4 DoS, (2020): http://www.dos.gov.jo/owa-user/owa/emp_un-emp_yshow_tables1_y?lang=E&year1=2019&t_no=17

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. In the pre-pandemic period, the Jordanian economy was already facing the challenging task of reversing the slow growth trend in a context of high public debt, and the structural problems of very low labor force participation and high unemployment. The challenge is further exacerbated now in face of a global economic recession and a health crisis. There is an overwhelming consensus amongst all stakeholders in Jordan and its international partners that the goal of macroeconomic policy reforms is not simply growth; rather inclusive, equitable growth and that narrowing the gender employment gap needs to be one of the main elements of such a strategy. Jordan has the third lowest female labor force participation rate globally (after Yemen and Iraq and shares the same ranking with Syria) at around 14% as of 2019.⁵ For working age adults (25-54), the gender employment gap stands at a staggering 53 percentage points (18.2% women versus 71.2% men in this age group are employed).⁶

A critical review of gendered labor market patterns shows that the female employment rate is very low and stagnating over the long-run. Women's employment is highly sensitive to marital and parental status: while single young women's employment rates are relatively high, particularly for those with post-secondary and

university education, post-marriage and childbirth women tend to withdraw from the labor market in large numbers to become full-time homemakers. A recent UN Women Report (2017)⁷ found that childcare and housework along with low wages are the top three reasons that women cite for remaining out of the labor market. Average childcare costs as a share of women's median wages range from 123% for primary school graduates to 77% for university graduates. The lack of access to affordable and quality childcare services when combined with low wages for women, acts as an important factor weakening women's labor market attachment. Nevertheless, qualitative surveys show overall positive public attitudes towards women's labor market engagement, which constitutes an encouraging social basis for economic policy interventions.⁷

The dominant policy framework to promote women's employment is narrowly focused on flexible employment as a primary strategy for work-life balance, which threatens to further promote gender jobs segregation, deepen the gender wage gap, and reiterate socially assigned gender roles in unpaid care work, especially in light of the childcare services closure. Interventions on improving access to childcare services is limited to workplace-based solutions rather than public investment in the care sector. It is essential to acknowledge that there is a need for a more comprehensive policy framework on women's employment whereby fiscal policies both on the spending and the revenue (taxation) side complement labor market measures.

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 women in case her ex-husband is unemployed.

CUTS IN PUBLIC SPENDING, AND THE CONSEQUENT DETERIORATION IN THE QUANTITY AND QUALITY OF HEALTH, EDUCATION AND SOCIAL SERVICES, INCREASE WOMEN'S UNPAID WORK BURDEN, IMPOSE MORE BINDING CONSTRAINTS ON THEIR TIME AND ACT AS A DETERRENT TO THEIR EQUAL ACCESS TO EMPLOYMENT AND EARNINGS.

⁵ The World Bank (2019), https://data.worldbank.org/indicator/SL.TLFCAC.TF.ZS?most_recent_value_desc=false

⁶ DoS, (2020), http://www.dos.gov.jo/owa-user/owa/emp_un-emp_y.show_tables1_y?lang=E&year1=2019&t_no=23

⁷ UN Women (2017), *Women Working: Jordanian and Syrian Refugee Women's Labour Force Participation and Attitudes Towards Employment*

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) and without proper knowledge and awareness there continues to be a risk that women agree to joint filing due to lower financial literacy and understanding of proper negative implications.

A gender-disaggregated analysis of the relative impact of increasing personal income tax conducted on the basis of micro data on wage and salary earners from a Jordanian household labor market survey shows that the absolute numbers as well as the relative shares of women wage and salary earners subject to increasing tax liabilities and rates is lower than that of men. It is estimated that with the lowering of tax exemption thresholds from JOD 12,000 to JOD 9,000 an additional 2.8% of female wage and salary earners become tax liable, with 95.0% remaining under the threshold (vs. 97.8% pre-reform); while an additional 4.4% of men wage and salary earners become tax liable, with 91.6% remaining under the threshold (vs. 96.0% pre-reform). Including the upper income brackets, a total of approximately an additional 4.0% of female wage and salary earners and 6.1% of male wage and salary earners are now subject to a higher tax burden in the post-reform period.

The lower number and share of women than men becoming tax liable under the new law derives from two structural gender inequalities in the labor market: Women face drastically more limited job opportunities than men and those who are in employment earn less than men. Given the very low female labor force participation rate, there are far fewer women wage and salary earners than men (women wage and salary earners constitute about a quarter of men). Second, a higher share of women wage and salary earners (95.0%) than men (91.6%) earn under JOD 9,000, which is the new tax exemption threshold.

Exploring the hypothetical income tax experienced by different types of households (single male breadwinner, dual earner, female breadwinner) at different income levels, all types of households at the

mean level of income remained tax-exempt (under the threshold). At relatively higher income levels (above JOD 20,000), the tax liability of all types of households increased. Yet post-reform, the dual earner households benefit more from a lower tax rate than the single male breadwinner households with the same level of income. The dual earner tax advantage over the single male breadwinner is higher, the lower the gender wage gap. Nevertheless, dual earner households stand at a tax disadvantage vis-à-vis multiple male breadwinner households (husband employed, wife dependent plus an additional earner such as the son/daughter). This is due to the imposition of a maximum ceiling of JOD 23,000 on collective exemptions of dual earner spouses, while other types of multiple taxpayer households are not subject to such a ceiling.

The recent income tax reform has 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. Our analysis of the gender impact of indirect sales taxes in Jordan has confirmed that an increase in the general sales tax (GST) is likely to increase gender income gaps as women in Jordan allocate a higher share of their income towards consumption expenditures than men, and they also allocate a higher share of their expenditures to necessity items such as food, education and medical services than luxury expenditures when compared to men (a gender pattern observed elsewhere). Hence reductions (increases) of the sales tax particularly on necessity consumption goods and services are likely to (dis)advantage women with lower incomes as well as their children and families.

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 hence acts 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.

RECOMMENDATIONS

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.