

# Economic policy should take women's work seriously<sup>[1]</sup>

**Author:** Alami, Nisreen

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## EXCERPTS

Jordan has some of the lowest indicators in the world on labour force participation, productivity and gender equality due to the chronically low female labour force participation rates. Recent studies provide evidence that the low participation of women in the labour force represents a high cost to the Jordanian economy and a missed opportunity cost that negatively impacts the gross domestic product (GDP) and results in a loss of return on public spending on education. One study, estimating contributions to tax revenue in Jordan, showed that while a man contributes JD33,000 in income tax over his lifetime, a woman's contribution does not exceed JD4,600. An International Labour Organisation study estimated that the gender gap in labour force participation in Jordan, which amounts to 55 percentage points, results in a loss in the value of the GDP by 21 per cent, which is valued at \$8 billion based on 2014 figures. Women's absence from the labour market also impacts households' poverty by increasing dependency ratios.

Given the very modest progress in increasing female labour force participation since the early 1990s, 13.8 per cent in 1990 and 17.7 per cent in 2017, a review of national policies aimed at increasing women's labour force participation provides an explanation of this failure and highlights persisting mistakes that public policies have fallen into. The first of those mistakes is the tendency to ignore evidence that outlines the main drivers of low female labour force participation.

The factors that explain why Jordanian women opt to remain outside the labour market include household care responsibilities, gender wage gap, lack of flexible work options and lack of public transportation. These have received minimal attention of public policy in past years. Amendments to the labour code, passed by the Lower House of Parliament this week after seven years of pressure and advocacy from women's rights activists and civil society organisations, have finally provided the overdue legislative response to several of those issues. The question now is how those legislative standards will be enforced and implemented.

Taking the example of childcare responsibilities, research has shown that a public provision of quality and affordable childcare services directly contributes to increasing and retaining female labour force participation. Despite this evidence, programmes to increase the number of childcare facilities serving working women have not received enough attention or public investment. For instance, in 2018, the number of childcare facilities serving the age group zero to four that are licensed by the Ministry of Social Development across Jordan was 1,148 facilities, private, public and voluntary, serving no more than 12,500 children. More importantly, the 2019 budget of the Ministry of Social Development that is allocated to childcare facilities is a mere JD52,000.

Even progressive articles in legislation which have been around for years have hardly made a dent in increasing female labour force participation. For example, Article 72 of the 2010 Jordanian Labour Code used to require employers who employ over 20 female workers with children under the age of four, to provide a workplace daycare onsite or in a nearby location. For Article 72 to be effective, the number of workplace childcare facilities should be 1,389. In reality, the existing workplace childcare facilities established in public and private enterprises to whom this requirement applies in Jordan have not exceeded the 124 mark, with a mere 9 per cent compliance rate.

The amendment to the labour code that was passed last week does expand this requirement to include male workers; however, it does not tackle the challenge of inadequacy of government budgets allocated towards public sector childcare facilities, or the absence of government accountability mechanisms to ensure compliance in the private sector.

The shy policy response to low female labour force participation is also reflected in the absence of alignment of Jordan's commitment to provide incentives for women's work across the different laws. The recent Income Tax Law, passed in November 2018, missed an important opportunity to provide tax incentives for working women and to address the constraints that drive women to leave the labour market and ensure alignment with government stated priorities in this regard.

Local civil society organisation, SADAQA, which works towards creating a friendly working environment for women presented proposals for provisions to be included in the Income Tax Law that provide the private sector and working families, with a working mother, with incentives that take into consideration the additional burdens borne by working families relating to childcare expenses. None of those proposals were taken into account in the final version of the law, despite the fact that the proposed exemptions would have generated higher tax returns as a result of increased female labour force participation.

Finally, the increased demand on care services for children and elderly positions the “care sector” to be a promising growth sector, offering sustainable jobs that benefit women directly and indirectly. Noting that this sector has a significantly lower cost of investment in comparison with sectors, such as construction and energy.

The government plans for 2019-2020 did include clear targets and budgets for expanding kindergarten enrollment rates for ages four and five but did not set similar targets for childcare facilities required for children under four, although the latter is closely linked to female labour force participation.

The aspiration from the current government is that its priorities for the next two years clearly reflect a solid approach to women’s labour force participation. So far, neither the government priorities for 2019-2020, nor the 2019 budget has shown much promise with regard to expansion of childcare facilities that are accessible to working families.

**Related link:**

**Region:** Asia <sup>[3]</sup>

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