

ANKER LIVING WAGE REFERENCE VALUE 2022

URBAN JORDAN

┌ **LIVING WAGE** ┐
JOD **361** PER MONTH
└ (US\$ 508) ┘





Anker Research Institute engages in and disseminates high quality research, analysis, and training related to living wage and living income (based on the Anker Methodology) to inform and influence companies, empower working people, and shape public policy, thereby helping to enhance quality of life and sustainable livelihoods for working people and their families everywhere. Social Accountability International is the institutional host.



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ABSTRACT

Urban Jordan Reference Value 2022

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This report provides an estimate for the Anker Living Wage Reference Value for urban Jordan for 2022, as well as contextual background about the country's geography, demographics, economy, poverty, labor market, and standards of living. The Anker Living Wage Reference Value is estimated as JOD 361 (USD 508). The report concludes by comparing the Anker Reference Value to prevailing wages and poverty lines and highlighting gaps to a living wage.

Keywords: Living wage; Anker Methodology; Jordan

JEL Classification: I30; J30; J31; J80

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ANKER LIVING WAGE REFERENCE VALUE

Urban Jordan

1. Anker Living Wage Reference Value for Urban Jordan in 2022

The Anker Living Wage Reference Value for 2022 for urban Jordan is JOD 361 (USD 508)¹ per month with a 95% confidence interval that ranges from JOD 305 (USD 456) to JOD 395 (USD 556). This Reference Value consists of the Net Living Wage (or take-home pay) of JOD 334 (USD 470), which is required for workers living in urban areas to be able to afford a basic but decent living standard in a typical urban area of Jordan, plus JOD 27 (USD 38), which would need to be paid by law as contribution for Social Security (7.5%) on the living wage. No tax income applies to the estimated living wage.

Living wage is defined as:

“A living wage is the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events”.

(Global Living Wage Coalition)

2. Anker Reference Value Methodology

Anker Living Wage Reference Values are based on a methodology developed by Richard Anker, Martha Anker, and Ian Prates, of the Anker Research Institute. This methodology is based on a rigorous statistical analysis of 40 internationally comparable, quality-assured Anker Methodology studies for developing countries. The Anker Research Institute is a founding member of the Global Living Wage Coalition.

Anker Reference Values are internationally comparable, consistent with results from existing Anker Methodology living wage and living income benchmark studies, and easy to update every year. Thus, they are of special value to countries, or areas within a country, where a full quality-assured Anker Methodology living wage or living income study has not yet been conducted.

¹ The exchange rate used to convert to US dollars is Jordanian Dinar (JOD) 0.71. This is the average exchange rate for the middle of the year three-month period from May through July 2022. Note that US dollar values in this report are indicative only since exchange rates are volatile.

Anker Living Wage Reference Values represent a living wage for typical families in rural or urban areas of developing countries. Since they are based on a statistical analysis, they have a margin of error for typical urban (or rural) areas of a country, which is generally around +/- 10% using a 95% confidence interval. Since Reference Values are not location-specific within countries and represent the situation in typical urban (rural) regions, the margin of error is likely to be larger for locations with atypical living costs within a country such as large cities with high living costs, or poorer (richer) areas with relatively low (high) living costs and norms.

3. Country Context

Geography and demographics

Jordan is located in southwest Asia, which is also commonly referred to as the Middle East. The country shares a border in the north with Syria, in the west with Israel and the occupied West Bank, in the south with the Gulf of Aqaba, in the south and east with Saudi Arabia, and in the east with Iraq. The Dead Sea, a saltwater lake, is also found along the border with the occupied West Bank and Israel in the west. With an area of 89,342 square kilometers, Jordan is a relatively small country, ranked 112th in the world by area.² The country's most distinctive physical feature is the Jordan Valley, which extends on the western side and is part of the Great Rift Valley. The northern part of the Jordan Valley is the country's most fertile region and contains the Jordan River that extends from the northern border and drains into the Dead Sea. The eastern side of the country is desert and makes up three-fourths of the country. Jordan's climate has a rainy season from November to April, with the rest of the year receiving very dry weather.

Jordan's population was 11.3 million in 2022, making it the 83rd most populous country in the world.³ Its population growth rate was 2% in 2021, according to World Bank data.⁴ Jordan is overwhelmingly an urban country, with 92% of its population living in urban areas in 2021.⁵ In the same year, the urban population

² Worldometers. 2023. "Largest Countries in the World (by area)." <https://www.worldometers.info/geography/largest-countries-in-the-world/>. Accessed on 20th February 2023.

³ World Population Review. 2023. "Largest Countries in the World." <https://worldpopulationreview.com/countries>. Accessed on 20th February 2023.

⁴ World Bank. 2023. "World Development Indicators." https://data.worldbank.org/indicator/SP.POP.GROW?locations=JO&most_recent_value_desc=true. Accessed on 20th February 2023.

⁵ Ibid.

was growing at 2.2% per year, while the rural population was declining by 0.5% annually.⁶ As a share of the total population in 2021, males comprised a larger share at 52% than females at 48%.

The total fertility rate in Jordan was 2.9 births per woman in 2020. Although this has declined from 3.8 births per woman in 2010, it is above replacement level.⁷ According to data from the Population and Family Health Survey in 2017/18, fertility varied by governorate⁸ – women in Mafraq had the most children (4.1 on average), while women in Amman and Karak have the fewest (2.3).⁹ The age dependency ratio – or the population aged 15 and below and 64 and above as a share of the working age population (15-64 years) – was 57% in 2021.¹⁰ Jordan has a relatively young population, with 33% of the population aged 0-14 in 2021¹¹ and 74% of the population below the age of 30.¹² The average household size in 2017-18 was 4.66 persons.¹³

Economy

Jordan is classified by the World Bank as an upper-middle income country in 2021, with a GDP of \$45.74 billion (in current US\$) and a GDP per capita of \$4,103 (in current US\$).¹⁴ Despite being an upper-middle income country, Jordan's economy has multiple pressing challenges, and had been struggling with "sluggish growth dynamics and structural challenges" even before the global COVID pandemic caused a negative shock.¹⁵ Real GDP growth was 6.8% per year on average from 1999-2009; however, from 2010-2019 the annual average was only 2.4%.¹⁶ This slowdown was due to multiple external factors, including the global financial crisis in 2008-9, disruption of energy supplies during the Arab Spring, regional conflict, influx of

⁶ Ibid.

⁷ Ibid.

⁸ This is the term used for a province or state in Jordan.

⁹ Department of Statistics, Government of Jordan. 2019. "Jordan Population and Family Health Survey 2017-18: Key Findings."

¹⁰ World Bank. 2023. "World Development Indicators."

¹¹ Ibid.

¹² World Food Programme. 2022. "WFP Jordan Country Brief." <https://jordan.un.org/sites/default/files/2022-06/2022%2005%20Jordan%20Country%20Brief.pdf>. Accessed on 20th February 2023.

¹³ Department of Statistics, Government of Jordan. 2019. "Jordan Population and Family Health Survey 2017-18: Key Findings."

¹⁴ World Bank. 2023. "World Development Indicators."

¹⁵ World Bank. 2023. "The World Bank in Jordan: Overview." <https://www.worldbank.org/en/country/jordan/overview>. Accessed on 21st February 2023.

¹⁶ IMF. 2022. "Jordan: Selected Issues." IMF Country Report No. 22/222. Washington DC: International Monetary Fund.

refugees (13% of its population) and closure of borders with Iraq and Syria.¹⁷ COVID further hampered the economy, with real GDP contracting by 1.6% in 2020, before growth rebounded in 2021 to 2.2%.¹⁸

There are limited natural resources in Jordan and the country relies on imports for 90% of its energy and grain consumption needs, leaving it vulnerable to volatility in commodity prices in the global market.¹⁹ The increases in global prices and tightening global financial conditions have compounded the need for external support. This is despite Jordan otherwise being one of the highest aid recipients globally – over 2011-2020, Jordan received US\$32.4 billion in foreign aid and in 2021 was the second highest aid-receiving country from the United States.^{20, 21} In addition, in 2020, the IMF approved a four-year Extended Fund Facility arrangement amounting to US\$1.293 billion, which was augmented in June 2022 to US\$1.526 billion.²² The flip side of the need for external financing has been an increase in debt – the central government debt as a share of GDP was 75.1% in 2020, up from 59.8% in 2010.²³

Despite shocks and financial challenges, Jordan has not faced a high inflationary environment. In 2021, inflation (measured through the consumer price index) was a low 1.3%. Similarly, over the period 2011-2021, the average annual inflation was 2.26%.²⁴ In this respect, the country has been performing better than other countries, even though the inflation was higher in 2022, at 4.2%, according to the IMF.

Jordan's economy is highly dependent on the services sector, which contributed 61.1% to GDP in 2021.²⁵ This dependence on the sector has been consistent over the past several decades, with its contribution to GDP ranging between 58% 65% since 1965, which is as far back as World Bank data goes. The manufacturing sector is the next largest contributor with a share of 17% of GDP in 2021.²⁶ This sectors contribution increased from 13% in 2000 to a peak of 21% in 2008, however, it has declined since then till 2021. Finally, the agriculture, forestry, and fishing sector has contributed to GDP in the single digits since 1975. In 2021,

¹⁷ Ibid.

¹⁸ World Bank. 2023. "The World Bank in Jordan: Overview."

¹⁹ Ibid.

²⁰ This is of course in large part due to geopolitical reasons, and not just because of its financing or developmental needs.

²¹ Alajlouni, Laith. 2023. "Jordanians are protesting again. It's time for economic and administrative reforms." Atlantic Council. <https://www.atlanticcouncil.org/blogs/menasource/jordanians-are-protesting-again-its-time-for-economic-and-administrative-reforms/>. Accessed on 21st February 2023.

²² IMF. 2023. "Jordan: Fifth Review Under the Extended Arrangement under the Extended Fund Facility." IMF Country Report No. 23/49.

²³ World Bank. 2023. "World Development Indicators."

²⁴ Ibid.

²⁵ World Bank. 2023. "World Development Indicators."

²⁶ Ibid.

its value added was 4.7% of GDP. This is in part because of low natural resource endowments and the large desert area in the country.

Social Conditions

Poverty

The poverty rate, using the World Bank \$6.85 poverty line for upper-middle income countries was 8.0% in 2010. Using the national poverty line and most recent data, however, the poverty rate was 15.7% in 2018, when the last Household Income and Expenditure Survey was conducted. A more recent survey is being carried out and while the full results have not been released, Jordan's Ministry of Planning and International Coordination announced a much higher national poverty rate in June 2022, at 24.1%.²⁷ The Covid-19 pandemic and the associated economic downturn resulted in an increase in the poverty rate, with the World Bank and the UNHCR estimating that at the peak of the pandemic poverty had increased by 38 percentage points among Jordanians and by 18 percentage points among Syrian refugees (using the World Bank's previous \$5.50 poverty line for upper-middle income countries).²⁸

Inequality has declined slightly in Jordan in recent decades as measured by the Gini index, which fell from 37.0 in 2002 to 33.7 in 2010, which is the most recent data available.²⁹ Wealth inequality is relatively high and has been consistent over time, with the top 10% having 61.1% of total wealth while the bottom half's share was only 4.4% in 2021.³⁰ Although income inequality has declined slightly it is still considerable. The top 10% had 52.1% of the share of total income in 2010, which fell to 48.4% in 2021. Conversely, the bottom half had 13.4% in 2010, increasing slightly to 14.3% in 2021.³¹

²⁷ Weldali, Maria. 2022. "Poverty rate of 24.1% requires policy change – experts." *The Jordan Times*. <https://www.jordantimes.com/news/local/poverty-rate-241-requires-policy-change-%E2%80%94-experts>; Xinhua. 2022.

"Roundup: Calls for changing food consumption habits mount in Jordan amid global food crisis." *China.org.cn*. http://www.china.org.cn/china/Off_the_Wire/2022-10/26/content_78487317.htm. Accessed on 21st February 2023.

²⁸ World Bank and UNHCR. 2020. "Compounding Misfortunes: Changes in Poverty since the onset of COVID-19 on Syrian Refugees and Host Communities in Jordan, the Kurdistan Region of Iraq and Lebanon."

²⁹ World Bank. 2023. "World Development Indicators."

³⁰ World Inequality Database: Jordan. 2023. <https://wid.world/country/jordan/>. Accessed on 22nd February 2023.

³¹ Ibid.

Standard of living, healthcare, and education

The UNDP classifies Jordan as a country with ‘high’ human development; in 2021, it had a score of 0.720 on the Human Development Index.³² Jordan saw a consistent increase in its HDI value from 1990 (0.622) to 2008 (0.734). However, progress has stagnated since then, which is consistent with its economic trajectory. Life expectancy at birth in 2020 was 74.7 years – an increase from 2000, when it was 71.7 years.³³ To put this into perspective, the average for upper-middle income countries was 76 years in 2020, while the world average was 72.8 years.³⁴

Jordan performs well on several health indicators. Wasting – weight for height – is very low at 0.3% of children under 5 in 2019.³⁵ The prevalence of stunting – height for age – is higher at 7.4% of children under 5 in 2019, but still not alarming. Births attended by skilled health staff have been almost universal for a long time – 97% in 1997 and 100% in 2018.³⁶ As this is correlated with maternal mortality, this has also declined from 70 maternal deaths per 100,000 live births in 2000 to 46 in 2017.³⁷ The infant mortality rate – deaths per 1,000 live births – was also low, at 13 in 2020, according to World Bank data.

However, immunizations for children have declined in recent years, likely due to access being restricted due to Covid-19 during 2020.³⁸ Against measles, it declined from 96% of children ages 12-23 months vaccinated in 2016 to 76% in 2021. For hepatitis B, the share of one-year old children immunized declined from 99% in 2017 to 77% in 2021. For DPT (diphtheria, pertussis, and tetanus), the share vaccinated declined from 99% in 2017 to 77% in 2021.

In terms of education, Jordan has very high adult literacy – in 2021, 98% of people above the age of 15 were literate.³⁹ A 100% of teachers in primary education were trained in 2021. The net enrollment rate for primary school was 95% in 2004, however, it declined to 75% in 2013, and is now again on an upward

³² United Nations Development Program. 2022. “Human Development Reports – Jordan Country Profile.” <https://hdr.undp.org/data-center/specific-country-data#/countries/JOR>. Accessed on 22nd February 2023.

³³ Our World in Data. 2022. “Life Expectancy.” https://ourworldindata.org/grapher/life-expectancy-at-birth-total-years?tab=chart&country=OWID_WRL~Lower+middle+income~Upper+middle+income~JOR. Accessed on 22nd. February 2023.

³⁴ Ibid.

³⁵ World Bank. 2023. “World Development Indicators.”

³⁶ Ibid.

³⁷ Ibid.

³⁸ Abu-Rish EY, Bustanji Y, Abusal K. 2022. “Nationwide Routine Childhood Vaccination Coverage During the COVID-19 Pandemic in Jordan: Current Situation, Reasons, and Predictors of Vaccination.” *International Journal of Clinical Practice*. doi: 10.1155/2022/7918604.

³⁹ World Bank. 2023. “World Development Indicators.”

trajectory at 81% in 2021. There is no difference across gender in school enrollment. The primary completion rate has a similar trajectory and was 81% in 2021.⁴⁰ There is room for improvement for the completion rate of lower secondary education, which was only 68.8% in 2021.⁴¹ Accordingly, the adolescents out of school (the share of lower secondary school age adolescents who are not enrolled in school) was 24% in 2021, down from 31% in 2018.⁴²

Jordan performs well in terms of living conditions. Almost all households (98%) have access to an improved source of drinking water.⁴³ People using safely managed sanitation services was also relatively good at 82% in 2018, while access to electricity is universal (99.9%).⁴⁴ 65% of the population used the internet in 2018, up from 27% in 2010.⁴⁵

Labor market

The total labor force in Jordan was 2.76 million people in 2019⁴⁶, of which 2.13 million was ages 25 to 54.⁴⁷ The labor force participation rate for this age group was 54.3%. There is a large gender difference, however. The reported male labor force participation rate (83.0%) was much higher than the female labor force participation rate (19.2%) in 2019. The female labor force participation rate is one of the lowest in the world, partially due to the institutional context and social norms around women's role in the family and employment.⁴⁸

A major concern facing Jordan's labor market (and economy) is high unemployment, which had been increasing prior to the Covid-19 pandemic. The unemployment rate for the ages 25-54, which was already high prior to the Covid-19 pandemic (12.7%), increased to 15.8 in 2021. The male unemployment rate (11.6%) was much lower than the female unemployment rate (18.2%) in 2019. The unemployment rate for

⁴⁰ Ibid.

⁴¹ World Bank. 2023. "World Development Indicators."

⁴² Ibid.

⁴³ Department of Statistics, Government of Jordan. 2019. "Jordan Population and Family Health Survey 2017-18: Key Findings."

⁴⁴ World Bank. 2023. "World Development Indicators."

⁴⁵ Ibid.

⁴⁶ Data from 2019 was chosen over data from 2021 due to the fact that the labor market in 2021 was still strongly affected by the Covid-19 Pandemic.

⁴⁷ Ibid.

⁴⁸ Winkler, Hernan and Gonzalez, Alvaro. 2019. "Jobs Diagnostic: Jordan." Jobs Series Issue No. 18. Washington DC: World Bank.

youth (15-24) was particularly high at 37.3% in 2019. Women ages 15-24 had higher unemployment rates (49.4%) than men (34.8%) in 2019.⁴⁹

The distribution of employment across sectors was as follows in 2019: 2% of total employment was in agriculture, 24% of total employment was in industry, while 73% of total employment was in the services sector.⁵⁰ Informal employment is high in Jordan, with the World Bank estimating this to be almost 60% using 2016 data.⁵¹

4. Wage ladder and gaps to a living wage, Jordan 2022

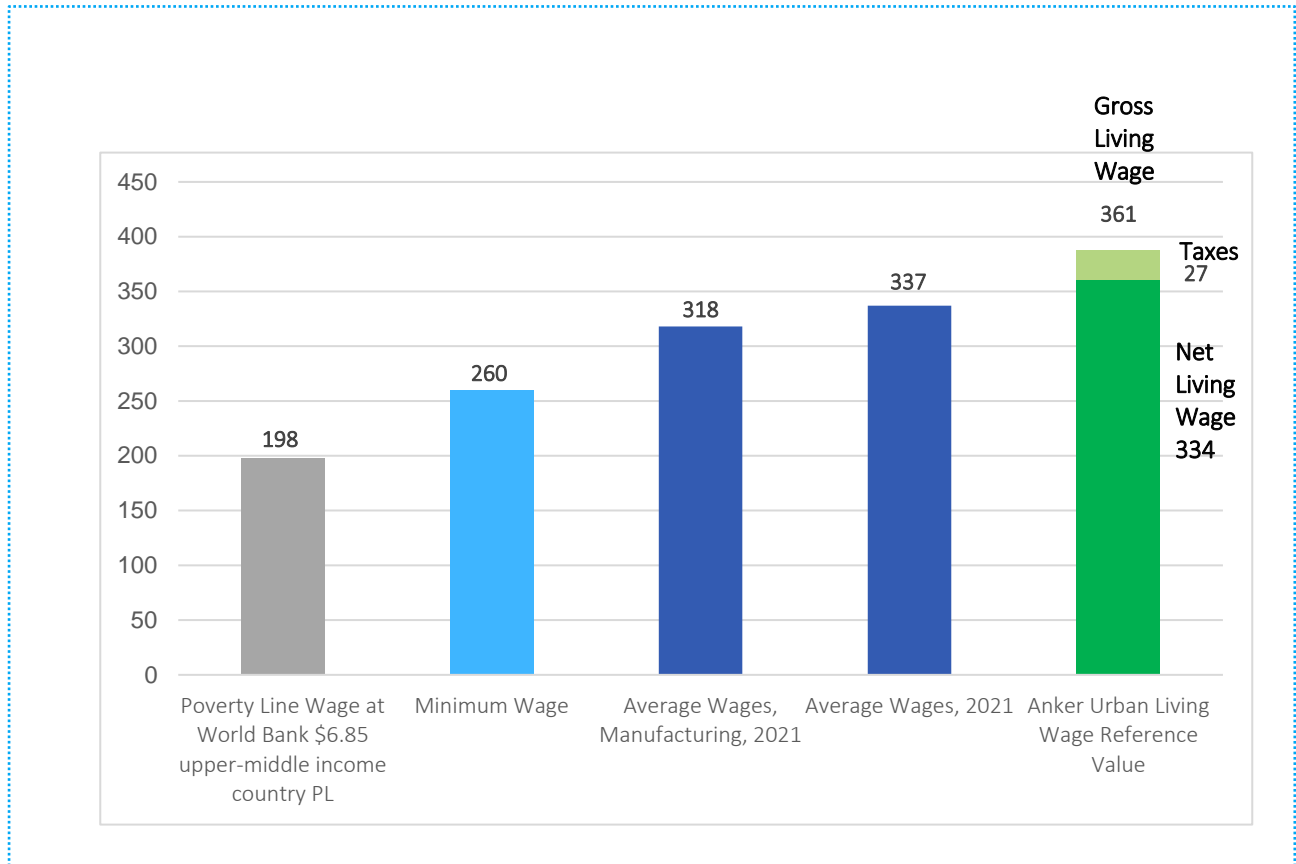
Figure 1 provides a wage ladder for urban Jordan and some gaps to a living wage. It compares the Anker Living Wage Reference Value for urban Jordan for 2022 with four other indicators. The gross Anker Living Wage Reference Value of JOD 361 (USD 508) is higher than the four other wage comparators. It is 82% higher than the World Bank's poverty line wage using the new international poverty line for upper-middle-income countries (\$6.85 PPP), and 39% higher than the national minimum wage in 2022. The Anker Living Wage Reference Value is 7.1% higher than the total average wage in 2021 and 13.4% higher than the average wage for the manufacturing sector in 2021, both of which include overtime pay which is excluded in the definition of the living wage.

⁴⁹ Ibid.

⁵⁰ World Bank. 2023. "World Development Indicators."

⁵¹ Winkler and Gonzalez. 2022. "Jobs Diagnostic: Jordan."

Figure 1. Jordan Urban Wage Ladder (JOD per month), 2022



Notes:

- a Jordan’s national poverty line is available on the National Department of Statistics website (<https://jorinfo.dos.gov.jo/Databank/pxweb/en/Poverty/>), with the last value for 2010. We decided not to update this value, because updating this for a twelve years period using only inflation rates can provide a misleading result.
- b The World Bank international poverty line wage for Jordan was estimated using the new World Bank international poverty line for upper-middle-income countries (\$6.85 PPP per person per day). The Private Consumption Conversion Factor PPP value we used to estimate the World Bank Poverty Line Wage was 0.31.
- c Family size of 4.5 is used for urban Jordan to estimate poverty line wages. This value was estimated using data from the 2015 Demographic and Health Survey Report from 2015 according to the Anker Methodology. The mortality-adjusted total fertility rate for urban Jordan is 2.66 which implies a family size around 4.5. The average urban household size, considering different possibilities, is: (i) total average is 4.66; (ii) 2 + average household size (i.e., excluding single person households) is 4.82; Family size of 4.5 is, therefore, consistent with the mortality-adjusted total fertility rate and the adjusted average household size.
- d Number of full-time equivalent workers per family of 1.46 is used for expositional purposes to estimate poverty line wages. This was determined using male and female rates for the age range of 25-54 from ILOSTAT for labor force participation (M=90.1%; F=20.5%), unemployment (M=11.9%; F=18.0%), and part-time employment (M=8.1%; F=15.2%). Part-time employment was defined as workers who work less than 35 hours per week.
- e The Anker Living Wage Reference Value is estimated directly based on statistical analysis and therefore does not have an explicit number of full-time workers per family or reference family size (although reference family size falls from 6 to 4 with development in Anker living wage benchmark studies).
- f Minimum wage is national and was last updated on January 1st, 2021.
- g Average wages are from ILOSTAT and are based on the National Labor Force Survey. Last year available is 2021.
- h Workers would have to pay social security tax (7.50%) on the Anker Living Wage Reference Value. No income tax would be applicable.