



الاتحاد العربي للنقابات
ARAB TRADE UNION CONFEDERATION



**Inclusion of Foreign
Domestic Workers
in Social Security
Coverage in Jordan:
Realities & Scenarios**

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INCLUSION OF FOREIGN DOMESTIC WORKERS
IN SOCIAL SECURITY COVERAGE IN JORDAN:
REALITIES AND SCENARIOS

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Introduction

Social security is one of the most important means of social protection based on contributions. This is based on the fact that “social security” is a comprehensive insurance system that provides a set of insurance services aimed at protecting workers from potential risks, such as work injury, disability, old age and death. It requires the provision of social security tools, legislation and procedures that guarantee the protection of all workers, in a way that ensures the redistribution of income and wealth, and the creation of real insurance coverage that eliminates poverty and helps people make a decent living.

Jordan is one of the world’s and Arab countries that adopted the social security system in the late 1970s, adopting the principle of gradual implementation. Since then, more than three million people have subscribed to social security, of whom more than 1000,300 people and about 250,000 retirees are currently insured. The system still provides services.

However, it has been forty years since the creation of the social security program in Jordan, yet some questions remain unanswered: Has social security achieved the objective of providing comprehensive social security that provides quality service, security and sustainability? Have all groups that need social security been included in social security coverage, or the system is still far from achieving this objective?

This paper studies the situation of foreign domestic workers, the possibility of including them in social security coverage, inclusion requirements, and procedures and scenarios suggested to reach this goal.



Domestic workers

“Domestic work is one of the oldest and most important occupations for millions of workers around the world. Domestic work is essential for the economy outside the household to function and, yet, many reports indicate that it is undervalued; it is poorly regulated because it is not regarded as ‘real’ work.”

A Human Rights Watch summary report entitled “The Middle East and Asia: Slow Reform, Protection of Migrant Domestic Workers in Asia and the Middle East” quotes an Asian domestic worker:

I wanted to make a new life and try my luck, so that my kids would have lives different from mine... But I was mistreated by my employers. I began work at 5 a.m. and sometimes finished around 2 or 3 a.m. I never got a day off. The door was always locked. I could never go out alone. I slept in the dining room. My full salary was deducted - to pay initial recruitment fees - for six and a half months.”

This story reflects the suffering and the gravity of the problems of domestic workers, with regard to decent work standards and respect

for human dignity, let alone the demand for social insurance, and unemployment, sickness and work injury benefits. This reflects the gravity of the situation, in the absence of effective legislation that guarantees these rights. The above-mentioned report also indicates that the conditions of domestic workers will not improve unless well-planned and effective action is taken to improve the legislative framework for these workers. Studies confirm that well-formulated organizational mechanisms, along with appropriate implementation mechanisms, make an important difference in the daily lives of domestic workers; these studies convey an important message; domestic workers should be given their rights, their dignity should be preserved and they should be treated with respect.

The report also makes a number of recommendations to all concerned parties, including the necessity of extending social security coverage provided by national labor laws to include domestic workers, with a specific reference to provisions related to the minimum wage, daily and weekly rest periods, receiving wages for overtime hours, social insurance, workers’ compensation, health care and maternity leave.

The Corona pandemic has demonstrated the fragility of many social and health security systems, especially for workers in the informal economy, day laborers, and domestic workers. In an article on domestic service, Nisha Varia, advocacy director of Human Rights Watch’s women’s rights division, says that “the International Labor Organization estimates indicate that there are 67 million domestic workers all over the world, of whom 80% are women. However, 90% of these workers are excluded from any protection measures, such as paid sick leave and unemployment benefits. This is the case in Asia, Latin America, and Africa in particular, where large numbers of domestic workers are concentrated.



However, Nisha adds that “despite this bleak picture, there are promising examples of measures taken by private sector employers, governments and labor unions to create safety nets for this essential group of workers.

For example, in South Africa, registered female domestic workers take six-week paid sick leave within three years covered by Unemployment Insurance Act. However, there is a gap between registered female workers and unregistered ones, who are not entitled to these benefits.

France adopts the voucher system for social security safety nets and paid leave for domestic workers, which facilitates administrative procedures for employers and provides relatively broad coverage.

A report issued by the World Bank lists measures introduced by emergency relief programs during the last epidemic, COVID -19. It concludes that domestic workers are not included in any of these programs. However, some countries have taken steps to include these workers: In Argentina, the president has created via executive order a 10,000-peso (about 155 \$) emergency family income for domestic workers and other low-income earners.

Spain expanded unemployment benefits to include, for the first time, domestic workers on March, 31, 2020. Domestic workers registered with the state’s social security services are able to claim 70% of their base salary for one-month salary if they can prove their hours have been cut or they have been fired since the lockdown began. However, this benefit is lower than what other workers claim, and it is not sufficient to support them during a seemingly endless crisis. It is still a step towards narrowing the gap between domestic workers and other workers in terms of entitlement.

Labor unions struggle to close such gaps and pressure governments to include domestic workers in their relief measures. These unions use social media and other means to urge employers to continue to pay domestic workers’ wages even when they are unable to work due to social distancing restrictions.

The National Federation of Domestic Workers in Brazil and Themis, a gender equality group, launched a campaign to urge employers to suspend work for domestic workers and pay their wages, or provide them with adequate protection equipment.

The Human Rights Watch summary report entitled “The Middle East and Asia: Slow Reform, Protection of Migrant Domestic Workers in Asia and the Middle East” makes reference to the situation of domestic workers in Jordan:

Of the countries surveyed in the report, Jordan has taken the most significant strides in strengthening legal protections for domestic workers. It is the only one that has amended its labor laws to include domestic workers, guaranteeing protections such as monthly payment of salaries into a bank account, a weekly day of rest, paid annual and sick leave Paid, and a ten-hour workday...” However, the mandatory inclusion of domestic workers in general and foreign domestic workers in particular in social security is still an unresolved issue. A report issued by Tamkeen entitled “Marginalized Women” states that “migrant domestic workers, mostly women, are from Sri Lanka, Bangladesh, Indonesia and the Philippines, and are one of the largest groups of workers excluded from social protection in Jordan. Official data indicate that there are nearly 50,000 registered domestic workers in Jordan, in addition to nearly 30,000 unregistered ones”.

Social security, international conventions and memoranda of understanding:

Social protection is a subject of widespread public debate at national, regional and international levels, starting with the United Nations and the Declaration of Human Rights, to the International Labor Organization, and relevant associations, federations and trade unions, such as the International Social Security Association, the International Trade Union Confederation and others.

In this context, reference could be made to a number of important conventions in this field:

First, the General Conference of the International Labor Organization, Convention No. 118: Equality of Treatment of Nationals and non-Nationals in Social Security:

Each Member for which this Convention is in force shall grant within its territory to the nationals of any other Member for which the Convention is in force equality of treatment under its legislation with its own nationals, both as regards coverage and as regards the right to benefits, in respect of every branch of social security for which it has accepted the obliga-

tions of the Convention. This is confirmed by Article 4 (a) of Social Security Law No. (1) for 2014 and its amendments: “The following categories, who are not under sixteen years of age, are subject to the provisions of this Law without any discrimination as to nationality, and regardless of the duration or form of contract, the nature and amount of wage...”.

Article (2) of this convention stipulates that “each Member may accept the obligations of this Convention in respect of any one or more of the following branches of social security for which it has in effective operation legislation covering its own nationals within its own territory:

- medical care;
- sickness benefit;
- maternity benefit;
- invalidity benefit; and
- old-age benefit;
- survivors’ benefit;
- employment injury benefit;
- unemployment benefit; and
- family benefit.

Second, the General Conference of the International Labor Organization, Convention No. 102: Social Security (Minimum Standards):



It includes a set of branches of social security, in addition to the ones mentioned above:

- medical care;
- sickness benefit;
- unemployment benefit;
- old-age benefit;
- employment injury benefit;
- family benefit.
- maternity benefit;
- invalidity benefit; and
- survivors' benefit;

As for Social Security Law in Jordan and its applications, it covers a number of these insurances, such as old-age, invalidity, employment injury, maternity, unemployment, and survivors' benefits.

As for bilateral agreements between Jordan and other countries on the regulation, recruitment and protection of domestic workers, reference could be made to the following:

Memorandum of Understanding on the organization and recruitment of Indonesian domestic workers between Jordan and Indonesia:

The Jordanian Cabinet approved this memorandum on 7/14/2009. The first article stipulates the following:

- The recruitment and employment of Indonesian domestic workers in Jordan is carried out in accordance with the procedures, regulations, and guidelines agreed upon between the two parties, and in accordance with the laws, regulations, and instructions regulating the work of domestic workers in Jordan, and finally in accordance with the conventions signed or to be signed later between the two parties.



- The two parties shall take necessary measures to ensure that Indonesian domestic workers who are contracted to work in Jordan be employed in Jordan, rather than any other country.

This memorandum identifies a number of obligations, including the following:

- The employer (householder) shall obtain a work permit and a residence permit for the Indonesian domestic worker at their own expense, otherwise he is obligated to pay the fines stipulated in the relevant legislation, unless the worker is responsible for imposing these fines, and in the manner specified by the Ministry of Labor.
- The Ministry of Labor shall make all necessary arrangements to oblige the employer (householder) or Jordanian recruitment offices to complete the necessary procedures to return the Indonesian domestic worker to her country, or to transfer the employment to another employer in the event of abuse, in accordance with the decision of the judicial court and / or the joint committee in the Ministry of Labor.

- The employer (householder) shall obtain a life insurance policy for the Indonesian domestic worker, valid for a period of two years, and issued by an approved and registered insurance company.
- The employer (householder) shall open a bank account in the name of the Indonesian domestic worker, in which the monthly wage will be deposited as of the first month of starting the work and within a maximum period of seven days from the date the wage is due.
- The employer (householder) shall not employ the Indonesian domestic worker in any work other than the work indicated in the contract, shall provide accommodation, food, clothing and medical care for the worker, grant the worker leave for one day per week, and shall not impose any restrictions on the worker's correspondence or practice of religious rites. Working hours shall not exceed the hours stipulated in the relevant legislation.

Despite these positive obligations stipulated in this memorandum, which are in the interest of female workers and all other directly related bodies, the articles of the memorandum do not make any reference to the inclusion of domestic workers in social protection coverage, in accordance with the Social Security Law.

Framework for Cooperation in the Field of Recruiting Domestic Workers between Jordan and the Philippines:

This framework includes a number of obligations between the two parties, including those related to female workers, the most prominent of which are the following:

- The employer shall obtain and renew the work permit for the duration of the work contract in accordance with the legislation and laws in force in Jordan.
- The employer is committed to the following:
 1. Provide decent clothing, food and accommodation.
 2. Obtain a repatriation and life insurance policy, and health insurance for medical expenses in the case of illness or employment injury, and compensate her for work-related injuries.
 3. Transfer the body of the deceased domestic worker to her country unless the cause of death was a crime that the worker committed against herself.
 4. Open a bank account in the name of the Filipino worker.
 5. Not to employ the Filipino domestic worker in any work or place other than what is stated in the work contract.
 6. Allow the domestic worker one day off each week.
 7. Impose no restrictions on the worker's correspondence or religious practices to the extent that they do not affect the feelings of the family or its customs or traditions.

8. Have the worker work for more than 12 hours a day, and give the worker a break for no less than an hour after working for five consecutive hours.

Likewise, although this framework includes all rights and duties, it does not stipulate that domestic workers have the right to be covered by the provisions of the Social Security Law in force.

Social Security Law and domestic workers Inclusion requirements: mobilization and activation.

Article 3 (a) of Social Security Law No. (1) for 2014 stipulates that the Law shall include the following insurances:

1. Work injury insurance; and.
2. Old-age, disability and death insurances.
3. Maternity insurance; and.
4. unemployment insurance; and.
5. Health insurance.

Article 4 (a) of this Law stipulates that “the following categories, who are not sixteen years of age, are subject to the provisions of this Law without any discrimination as to nationality,



and regardless of the duration or form of contract, the nature and amount of wage, provided that the wages based on which contributions are calculated be no less than the minimum wage specified by the valid in force Labor Law, and whether the work is performed mainly inside or outside the Kingdom, without prejudice to the provisions of international agreements regulating the rules of dual insurance coverage:

- All laborers subject to the valid in force provisions of the labor law.
- Workers who are not subject to the retirement pension under the provisions of civil or retirement laws.
- Jordanians persons employed by regional and international missions, foreign and Arab political or military missions operating inside the Kingdom and attachés and their affiliated educational and cultural centers.
- Self-employed individuals, employers and general partners working in their own firms.

Article 4 (b) of the same Law also defines the categories that shall not be subject to the provisions of this Law, namely:

- Individuals paying their retirement contributions pursuant to the civil or military retirement laws.
- Non-Jordanians employed by regional and international missions, foreign and Arab political or military missions operating inside the Kingdom and attachés and their affiliated educational and cultural centers.
- Laborers whose employment relationship with the employers is irregular. An employment relationship shall be deemed regular in the following cases:

1. A day laborer working sixteen days or more in any given month.
2. An hour, piece, shipment laborer or the like who works sixteen days or more in any given month; regardless of the number of working hours, pieces or shipments per day.
3. A laborer who is paid on a monthly basis; regardless of the number of working days per month, with the exception of the first month of work to which the principle of sixteen or more working days per month shall apply.

However, the Jordanian legislator, through the Social Security Law in its various versions, has gradually lifted the suspension of the inclusion of domestic workers and those of similar status in social security, until it has stipulated that they can be covered by the provisions of Social Security Law, as follows:

- **Social Security Law No. 30 for 1978.**

Law No. 30 for 1978 makes the application of insurance to certain categories of workers conditional on a resolution issued by the Council of Ministers upon recommendation by the Board of Directors of the Corporation. These categories included domestic workers and those of similar status.

- **Social Security Law No. 19 for 2001.**

This version of the law also suspends insurance coverage for domestic workers and those of similar status.



- **Social Security Law (temporary law) No. 7 for 2010.**

This version of the Law stipulates that insurances shall apply to domestic workers and those of similar status by a resolution issued by the Council of Ministers upon recommendation by the Board, and that all the issues pertaining to their insurance coverage shall be regulated according to executive instructions.

- **This is also the case with Law No. 1 for 2014.**

Article 4 (c), which clearly refers to domestic workers, stipulates the following:

Subject to the provisions of Article (3) hereof, insurances may be applied to domestic workers and the like, by virtue of a resolution issued by the Council of Ministers upon recommendation by the Board, and all the issues pertaining to their insurance coverage shall be regulated by virtue of the regulations issued pursuant to this Law.

It can be easily noticed that the application of the provisions of the Social Security Law to domestic workers was suspended. It has been made permissible, based on the following:

First, there is nothing to prevent the inclusion of domestic workers and the like in the provisions of the Jordanian Social Security Law.

Second, this inclusion is conditional on a resolution issued by the Council of Ministers upon recommendation by the Board of Directors of the Corporation.

Third, there should be regulations, directions and procedures for inclusion and its mechanisms.

Accordingly, this category of workers is not excluded, and the application of the provisions of the Jordanian Social Security Law to it is not suspended; they may be covered by the provisions of the Law, and this requires only a resolution issued by the Council of Ministers upon recommendation by the Board, and then executive regulations and instructions should be issued, and the date of the start of the inclusion should be specified.

Inclusion requirements: mobilization and activation.

Although the provisions of the Social Security Law may be applied to domestic workers and the like, this is conditional on a resolution issued by the Council of Ministers upon recommendation by the Board. This suggests that achieving this objective requires mobilizing support and launching a public relations campaign with all partners and stakeholders, including:

1. The government and the relevant ministries:
 - The Council of Ministers; and
 - The Ministry of Labor
2. Relevant institutions:
 - Social Security Corporation;
3. Labor unions, chambers of commerce and industry and their representatives to the Board of Directors of the Corporation.
4. Recruitment offices.
5. Main beneficiaries:
 - Employers: householders; and
 - Domestic workers



Launching a public relations campaign - which is based on involving all concerned with domestic workers, effective communication with those concerned, understanding the mentality of decision makers, making the issue of domestic workers in general and foreign ones in particular a priority, ensuring that this is carried out in a well-planned manner that involves a comprehensive study, and avoiding any adverse effects on the society in general and parties concerned in particular - will result in positive progress in this field, especially because the law permits domestic workers and the like to be covered by the provisions of the Social Security Law.



What does the inclusion of domestic workers in social security mean?

The inclusion of domestic workers in social security coverage means that domestic workers enjoy social protection provided by the Social Security Law, through the following insurances:

- Work injury insurance;
- Old-age, disability and death insurances;
- Unemployment insurance; and
- Maternity insurance; and

This suggests that as these workers are included in social security coverage, while meeting legal requirements and qualifying conditions, they will enjoy social protection and have the right to obtain the following, in accordance with the Law and its requirements:

1. All kinds of pensions:
 - Old-age pension;
 - Occupational disability pension;
 - Natural disability pension; and
 - Death pension (for survivors);
2. Medical care and compensation in the event of work-related injuries:
 - Lump-sum compensation;
 - Unemployment compensation; and
 - Maternity compensation benefit;

However, the inclusion of domestic workers in social security coverage makes them and the employer (householder) required to pay monthly contributions that amount to a total of 75% of the deductible monthly wage, 220 dinars, which is the minimum wage specified by

the Law. The employer (householder) shall bear the percentage of 14.25%, while the insured bears 5.7%; the Law specifies and details this percentage as follows:

- Work injury insurance: 2% of the wages of the insured to be paid by the firm, referred to as the employer (householder).
- Maternity insurance: 75% of the monthly wage of the insured to be paid by the firm, and 1% to be deducted by the firm from the monthly wage of the insured.
- Old-age, disability and death insurance: 11% of the monthly wage of the insured to be paid by the firm, and 6.5% to be paid by the insured.

This means that monthly contributions are to be paid by both parties (the employer and the worker), in the event that domestic workers are included in social security coverage. As the minimum wage is 220 dinars, a total of 47.85 dinars per month is to be paid for Social Security, of which the employer bears a total of 31.35 dinars, and the worker bears 16.5 dinars per month.

Although this amount may place an additional burden on the householder, and on the worker in some cases, it is a temporary burden because the worker recovers the amount paid through retirement salaries and compensations. Therefore, recruitment offices and householders are essential for the mobilization and public relations campaign for the inclusion of domestic workers in social security coverage.

Inclusion of domestic workers: voluntary versus compulsory social security systems

As indicated above, the inclusion of domestic workers in social security coverage brings insurance benefits. However, the two parties (the householder and the worker) are required to pay contributions to Social Security Corporation to meet its insurance obligations to the insured. Inclusion in social security coverage could be made optional for domestic workers. Although this may be a step forward, a step in the right direction, it may not bear fruit, in terms of comprehensiveness. A review of the data of Social Security Corporation provided in the annual report for 2019 would reveal that the ratio of optional to compulsory inclusion is approximately 5%.

Social protection systems are supposed to be compulsory by virtue of their laws, and it should be made optional only within the narrowest bounds. Accordingly, the inclusion of domestic workers in Social Security Law should be made compulsory, so that the desired purpose is achieved; the provision of efficient and effective social protection coverage for domestic workers. However, only Jordanians are eligible to optional insurance; the insured bears all the costs of optional insurance, which includes old-age, disability and death insurances only.

Inclusion scenarios:

To achieve the inclusion of domestic workers in social protection coverage through the implementation of the legal text that allows this inclusion, a number of scenarios can be proposed as follows:

Scenario One (Baseline Scenario):

The inclusion of all domestic workers in social security coverage, through the application of the basic legal text to these workers, as it stipulates that they may be covered by the provisions of the Social Security Law currently in force. Insurances currently offered include:

- Work injury insurance; and.
- Old-age, disability and death insurances.
- Maternity insurance; and.
- Unemployment insurance.

However, as monthly deductions are borne by the worker and the employer, 21.75% of the deductible wage, based on a minimum wage of 220 dinars, monthly deductions make a total of 47.85 dinars per month, of which the householder bears a total 31.35 dinars, and the worker bears 16.5 dinars per month.

Analysis

This scenario reflects how the Jordanian Social Security Law is actually applied to the insured working for a firm/ employer; it is the baseline scenario for the inclusion of domestic workers in social security coverage, and it entails

1. having domestic workers covered by all insurances provided by Social Security Law, and their eligibility for insurance benefits, which include:
 - All types of pensions;
 - Lump-sum compensation;
 - Maternity benefit; and
 - Unemployment compensation.

When implementing this scenario, it should be pointed out that it entails

2. monthly contributions that are to be borne by the employer and the worker; these contributions may place an additional financial burden on the employer, who bears 14.25% of the wage of the worker, and the worker, who bears 7.5% of the deductible wage, making a total of 21.75% of the total wage.
3. This scenario, if implemented, may lead to an unstable work relationship between the householder and the worker, as the householder may charge the worker all the value of contributions, deduct it from the wage, or have the worker do additional work to cover the value of social security.

Scenario Two:

Inclusion of all domestic workers in social security coverage by designing a financial segment based on an actuarial study; for example, they could be treated as foreigners working in QIZs, and the deductible wage could be set at 150 dinars.

Analysis

This scenario, like the first scenario, guarantees that domestic workers are included in social security coverage, and it also provides a well-studied alternative, whereby basic contributions, which are based on the current minimum wage of 220 dinars, are not applied to these workers.

This scenario entails setting a deductible wage of value less than the minimum wage, such as 150 dinars, which is less than the minimum wage by 70 dinars. Accordingly, monthly contributions will be as follows:

deductible wage * deduction rate

$150 * 21.75 = 32.62$ dinars, of which the employer bears 21.37 dinars, and the worker bears 11.25 dinars.

It is useful to design a special segment for domestic workers in a scientific and studied manner, especially because the wage of some workers may be less than the minimum wage, which is 220 dinars. However, this requires a special agreement in which the deductible wage is specified and stipulated in a resolution issued by the Council of Ministers, in the event that domestic workers are covered by the provisions of the Social Security Law.

As domestic workers are included in social security coverage, based on wage less than the minimum wage, for example 150 dinars, the expected insurance revenues, along with investment returns, will be around 40 million dinars for a period of two years, compared to the expected insurance expenditures which are around 20 million dinars.

Scenario Three (Recommended):

The inclusion of all domestic workers in social security coverage, using the following mechanism:

1. Designing a segment for domestic workers, based on an actuarial study, that takes into account the ability of the worker and the employer to pay, so that a positive work relationship between the two parties (the employer and the worker) is ensured.
2. Designing specific insurance benefits, based on a financial and actuarial study, that match the contributions paid to Social Security Corporation; for example, domestic workers can be included in social security coverage that provides specific insurance benefits, such as:
 - Work injury insurance; and.
 - Lump-sum compensation.

Most foreigners included in social security coverage receive lump-sum compensation and do not receive pensions. The Law allows this, but the requirements of eligibility for pensions are mainly related to age and the period of subscription. Eligibility for a pension requires that the insured have no less than 15 years of work, and be no less than 55 years old for men, and no less than 60 years for women. In this context, the annual report of Social Security Corporation for 2019 states that the majority of the non-Jordanian insured received lump-sum compensation as a result of leaving the country, at a rate of about 97.4% of the total non-Jordanian beneficiaries for the year 2019. The following table shows the numbers of those entitled to lump-sum compensation, classified according to gender, nationality, and reason for compensation.



Numbers of those entitled to lump-sum compensation, classified according to gender, nationality, and reason for compensation for the year 2019.

Reason for compensation	Jordanians				Non-Jordanians				Total	Per-cent %
	Male	Fe-male	Total	Per-cent %	Male	Fe-male	Total	Percent %		
Inclusion in the provisions of civil and military retirement laws	55	0	55	0.2%	0	0	0	0.0%	55	0.1%
Final departure of the non-Jordanian insured	0	0	0	0.0%	16143	10295	26438	97.4%	26438	50.1%
The Jordanian insured acquired another nationality	0	0	0	0.0%	0	0	0	0.0%	0	0.0%
The insured sentenced to imprisonment for a period of no less than 5 years	15	0	15	0.1%	0	0	1	0.0%	15	0.03%
End of service of the insured because of marriage, widowhood and divorce	0	15683	15683	61.2%	0	1	1	0.004%	15684	29.7%
Single women over 45 years old	0	0	0	0.0%	0	0	0	0.0%	0	0.0%
Complete previous compensation disbursement	13	8	21	0.1%	16	4	20	0.1%	41	0.1%
Death, natural disability, or reaching old age without being entitled to pension	3061	715	3776	14.7%	215	27	242	0.9%	4018	7.6%

Scenario Four (Not Recommended):

Optional inclusion of foreign domestic workers in social security coverage; I do not recommend this scenario, due to several reasons and impediments, the most important of which are the following:

- **Legal barrier:** voluntary subscription is available to Jordanians only, and it includes old age, disability and death insurances.
- **Ineffectiveness:** Voluntary subscription in general and subscription to social protection

coverage - with the expectation that future benefits will be received when they are due, in exchange for immediate financial obligations paid monthly - are not motivating. This is evident in Social Security Corporation data, which shows the ratio of voluntary subscription to compulsory subscription, as shown in the following table, which shows the total number of subscribers to (both compulsory and voluntary) insurance, classified by gender and nationality, as of 12/31/2019, the table shows that the ratio of subscribers to voluntary insurance to subscribers to compulsory insurance is 5.2% only.

Total number of the insured, classified according to gender, nationality and governorate as of 12/31/2019

Percent %	Total	Jordanians				Non-Jordanians				Governorate
		Percent %	Total	Female	Male	Percent %	Total	Female	Male	
75.4%	1014014	47.3%	77494	11724	65770	79.3%	936520	261486	675034	The capital city
1.8%	24765	5.1%	8365	2229	6136	1.4%	16400	3125	13275	Aqaba
6.6%	88350	22.5%	36855	20247	16608	4.4%	51495	21349	30146	Irbid
4.9%	66023	14.5%	23786	11445	12341	3.6%	42237	13707	28530	Zarqa
1.3%	16999	3.1%	5024	2355	2669	1.0%	11975	3595	8380	Al-Karak
0.2%	3313	0.3%	532	17	515	0.2%	2781	983	1798	Ajloun
0.8%	11274	1.6%	2546	31	2515	0.7%	8728	2236	6492	Al-Mafraq
0.4%	5961	0.8%	1387	49	1338	0.4%	4574	1329	3245	Jerash
1.8%	24315	2.1%	3457	141	3316	1.8%	20858	7037	13821	Balqa
0.3%	3488	0.5%	799	18	781	0.2%	2689	875	1814	Tafila
0.7%	9079	1.2%	1987	30	1957	0.6%	7092	1439	5653	Ma'an
0.5%	7079	1.0%	1576	62	1514	0.5%	5503	2089	3414	Madaba
5.2%	70458	0.0%	0	0	0	6.0%	70458	22552	47906	Voluntary insurance
100%	1345118	100%	163808	48348	115460	100%	1181310	341802	839508	Total

Source: Social Security Corporation, Annual Report, 2019.

Expected financial impact of the inclusion of domestic workers:

This part of the study evaluates the financial impact of the inclusion of domestic workers on Social Security Corporation, according to the baseline scenario consistent with the current application of Social Security Law in force, based on the following hypotheses:

First hypothesis: based on official reports that state that there are about 50.000 registered domestic workers in Jordan.

Second hypothesis: based on the assumption that the deductible monthly wage is 220 dinars, which is the minimum wage approved by the Ministry of Labor.

Third hypothesis: based on the inclusion of domestic workers in all insurance benefits provided by the Jordanian Social Security Law.

Fourth hypothesis: based on the worker's continuous residence in Jordan for a period of five years.

Using these hypotheses, the financial impact and insurance benefits that will be provided to domestic workers in the event of having them covered by the provisions of the Social Security Law can be described as follows:



First, the financial impact of the inclusion of domestic workers in social security, in terms of insurance revenues:

This can be calculated according to the following equation:

Minimum wage * monthly deduction rate * 12
 * 50.000 domestic workers
 $21.75 * \% = 47.85$ * 21.75 * \% = 47.85 dinars per month for each insured worker * 12 months = 574.2 dinars per year for each insured worker.

Assuming that the number of the insured is 50.000 workers, the expected monthly contributions to be paid to Social Security Corporation will be 28.710.000 dinars per year.

Assuming that these workers are employed for an average of five years, total contributions to be paid to Social Security Corporation will be 143.550.000 dinars within five years.

Assuming that these funds are invested with an investment return of 2%, returns will be around three million dinars within five years. Accordingly, the basic insurance revenues expected from the inclusion of domestic workers, based on the above hypotheses, will amount to around 30 million Jordanian dinars per year.

Expected insurance expenses, in the event that foreign domestic workers are included, will probably be in the form of lump-sum compensation, due to all of the reasons previously mentioned. Social security data indicate that a total of 26438 foreign insured workers received lump-sum compensation for leaving Jordan in 2019, accounting for 97% of foreigners who received lump-sum compensation, and for 50% Of the total number of Jordanians and non-Jordanians who received lump-sum compensation.

Numbers of those entitled to lump-sum compensation, classified according to gender, nationality, and reason for compensation for the year 2019.

Reason for compensation	Jordanians				Non-Jordanians				Total	Per-cent %
	Male	Fe-male	Total	Per-cent %	Male	Fe-male	Total	Per-cent %		
Final departure of the non-Jordanian insured	0	0	0	0.0%	16143	10295	26438	97.4%	26438	50.1%
Source: Social Security Corporation, Annual Report, 2019.										

Accordingly, insurance expenses can be calculated, based on the assumption that the vast majority of the foreign insured receive lump-sum compensation, and that the domestic worker leaves Jordan after five years. The expected compensation is as follows:

Minimum wage * number of months * compensation rate

$220 * 12 = 2640$ dinars * 5 years = 13.200 * compensation rate 10 % = 1320 dinars, which is the amount of compensation expected for each worker insured within 5 years.

Therefore, in the event that foreign domestic workers are included and given lump-sum compensation, the expected insurance benefits will be as follows, based on the assumption that they stay in Jordan for five years and then leave the country:

Compensation for a single worker for five years * total number of domestic workers, estimated at 50.000 workers. Accordingly, the expected compensation amount is:

$1320 * 50.000 = 66$ million Jordanian dinars, based on the assumption that the vast majority of foreign workers receive lump-sum compensation. As we consider the number of foreign workers who have received pensions of all types since the inception of social security, we find out that the total number is 7010 foreign pensioners, compared to 235171 Jordanian ones.



Cumulative numbers of pensioners, classified according to gender, nationality, and type of pension as of 12/31/2019

Percent %	Total	Jordanians				Non-Jordanians				Governorate
		Per-cent %	Total	Fe-male	Male	Per-cent %	Total	Female	Male	
30.2%	73018	27.4%	1922	198	1724	30.2%	71096	12517	58579	Old age and compulsory subscription
48.6%	117760	40.5%	2839	132	2707	48.9%	114921	23496	91425	Early retirement
10.0%	24263	5.7%	403	35	368	10.1%	23860	2842	21018	Disability pension
2.0%	4871	8.8%	618	12	606	1.8%	4253	223	4030	Work injury pension
7.8%	18933	12.0%	838	29	809	7.7%	18095	1792	16303	Natural death
1.4%	3336	5.6%	390	7	383	1.3%	2946	166	2780	Unnatural death
100%	242181	100%	7010	413	6597	100%	235171	41036		Total
Source: Social Security Corporation, Annual Report, 2019.										

The above data, which is based on the above hypotheses, shows that the inclusion of domestic workers in social security coverage does not bring any negative pressure on the finances of Social Security Corporation or its financial position; the data indicates that the inclusion of domestic workers has positive impact on the financial position of the corporation, and that the expected insurance revenues, based on the baseline scenario (1), are about 140 million dinars within five years, compared to the estimated insurance expenses for the same period, about 70 million dinars.

As we analyze the financial impact of including foreign domestic workers, based on the assumption that they stay in Jordan for a period of two years, as the duration of the work contract is one year subject to renewal for one more year, the financial impact will be as follows, based on the above hypotheses, with the exception of the contract period, which is two years in this case:

First, insurance revenues:

Minimum wage * monthly deduction rate * 12
* 50.000 domestic workers

$220 * 21,75\% * 12 * 50.000$ female workers =
28.710.000 million dinars per year

Assuming that these workers are employed for
an average of five years, total contributions to
be paid to Social Security Corporation will be
57.420.000 dinars within two years.

Second, investment returns:

Assuming that insurance revenues are invest-
ed with an investment return of 2%, the ap-
proximate return for the two years is around
1.150.000 dinars; therefore, the basic insurance
revenues expected from the inclusion of do-
mestic workers, together with the investment
return for a period of two years, are estimated
at 59 million dinars.

Third, insurance expenses:

Insurance expenses can be calculated, based
on the assumption that the vast majority of the
foreign insured receive lump-sum compensa-
tion, and that the domestic worker leaves Jor-
dan after two years. The expected compensa-
tion is as follows:

Minimum wage * number of months * compen-
sation rate

$220 * 12 = 2640$ dinars * 2 years = 5.280 * com-
pensation rate 10 % = 528 dinars, which is the
amount of compensation expected for each
worker insured within 2 years.

Therefore, in the event that foreign domestic
workers are included and given lump-sum com-
pensation, the expected insurance benefits will
be as follows, based on the assumption that
they stay in Jordan for two years and then leave
the country:

$528 * 50.000 = 26.400.000$ million Jordanian
dinars, based on the assumption that the vast
majority of foreign workers receive lump-sum
compensation.

Financial impact:

Base on the assumption that foreign workers
stay in Jordan for two years and then leave the
country, the data shows that the inclusion of
domestic workers in social security coverage
does not bring any negative pressure on the fi-
nances of Social Security Corporation or its fi-
nancial position; the data indicates that the in-
clusion of domestic workers has positive impact
on the financial position of the corporation, and
that the expected insurance revenues are about
56 million dinars within two years, compared to
the estimated insurance expenses for the same
period, about 27 million dinars.

Based on all the previous data and on the data
of Social Security Corporation - which clearly in-
dicates that the vast majority of foreign workers
usually receive lump-sum compensation, and
that this approach which entails insurance ben-
efits in the form of compensation in exchange
for insurance revenues, in accordance with the
provisions of the applicable law - this inclusion
creates no pressure on the financial position of
Social Security Corporation.



Conclusions and recommendations

1. Conclusions

There is no legal impediment to the inclusion of domestic workers in social security coverage. Social Security Law stipulates that domestic workers and the like may be included in social security coverage, by virtue of a resolution issued by the Council of Ministers upon recommendation by the Board. This is also the case with Law No. (1) for 2014, in which Article 4 (c) stipulates that “insurances may be applied to domestic workers and the like, by virtue of a resolution issued by the Council of Ministers upon recommendation by the Board, and all the issues pertaining to their insurance coverage shall be regulated by virtue of the regulations issued pursuant to this Law.” Accordingly, the implementation of this legal text requires:

- A resolution issued by the Council of Ministers upon recommendation by the Board of Directors of the Corporation; and
- Issuing regulations, instructions, and procedures for inclusion and its mechanisms.

The inclusion of domestic workers does not have any negative impact on the financial position of Social Security Corporation; having these

workers covered by the provisions of Social Security Law brings multiple benefits to workers and provides social protection for them and Social Security Corporation. This can be achieved by implementing the Social Security Corporation mission of comprehensive social security that provides quality service, protection and sustainability.

2. Recommendations

Launching a public relations campaign mobilizing support for the implementation of the legal text and the inclusion of domestic workers in social security coverage, in partnership with all concerned parties and stakeholders, the most important of which are the following:

1. The government and the relevant ministries:
 - The Council of Ministers; and
 - The Ministry of Labor
2. Relevant institutions:
 - Social Security Corporation;
3. Labor unions, chambers of commerce and industry and their representatives to the Board of Directors of the Corporation.
4. Recruitment offices.
5. Direct beneficiaries:
 - Employers: householders; and
 - Domestic workers.

Working to ensure that the inclusion of domestic workers in social protection coverage is compulsory, that it is applied to all workers who have a work permit, and that the option of voluntary inclusion is not used because it will not achieve the goal of including domestic workers in an efficient and effective manner.



Working to find and design a special segment for domestic workers, actuarially studied, in exchange for promised insurance benefits when they are due, so that criteria, such as the ability to pay and not evade, are met, and a stable and decent working relationship for domestic workers and their like are ensured.

Linking the issuance or renewal of a work permit for domestic workers or their like to the existence of an effective contribution for the entire period, through a letter issued by Social Security Corporation.

Doing everything necessary to overcome the organizational and administrative obstacles that may face the inclusion of domestic workers under the umbrella of social security, in order to reach effective implementation, and among the most important necessary measures:

- It is mandatory to transfer the monthly salaries of female workers through banks located in all regions of Jordan.
- Concluding agreements with banks to which workers' salaries are transferred, stipulating that the monthly deductions for security are added to the net salary of the worker, and the banks in turn transfer them directly to the bank accounts of the Social Security Corporation.
- Creating an organizational umbrella through which to supply subscriptions and make forms for the participation of domestic workers, and through which subscriptions can also be supplied on time, and this task can be entrusted to recruitment offices.

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