

Position Paper 2025

المؤسسة
العامة
للضمان
الاجتماعي
الإدارة العامة

Position Paper

Towards a Fair and Sustainable Social Security System that Protects All Workers and Enhances Social Protection in Jordan

Prepared by:

Phenix Center for Economic and Informatics Studies
Jordan Labor Watch

Amman, Jordan
July 2025

www.phenixcenter.net



Studies Informatics and Economic for Center Phenix

The Phenix Center for Economic & Informatics Studies is a nongovernmental organization dedicated to independent policy research and measuring public opinions on impactful current and emerging issues in areas of economics, society, and its legislative environment in Jordan. The Center was founded in Amman, Jordan in 2003 under the registration number 142203. It works to promote a sustainable developmental paradigm in Jordan, rooted in human rights and the principles of democratic governance by focusing on reforming the labor policies, lifting of restrictions on freedom of association, and strengthening of social protection policies. The Center specializes in promoting inclusivity in development processes. It compiles databases of relevant actors and stakeholders, develops research, studies, papers and reports, conducts conferences and advocacy campaigns, and empowers several actors to take part in steering development through capacity building.



Jordan Labor Watch

Jordan Labor Watch contributes to improving work conditions for all workers in Jordan in accordance with international labor standards. This is done through developing studies and reports covering various aspects of labor issues related to workers, uncovering violations and abuses to which workers are exposed in the work place. The program provides a comprehensive database covering various indicators related to the labor market, trade unions, labor organizations, laws and regulations, as well as governing performance. Furthermore, the program strives to present alternative policies that tackle challenges facing the Arabian and Jordanian labor market as well as conducting training programs that support upgrading skills and capabilities of advocates in the labor movement.

Disclaimer:

Phenix Center for Economic and Informatics Studies and Friedrich-EbertStiftung are not responsible for the statements of workers and union officials cited in this report.

Introduction

Social security in Jordan is the cornerstone of the social protection system and a pillar for the stability of both the national economy and society.



By protecting individuals from the risks of old age, disability, unemployment, work injuries, and maternity, this system contributes to enhancing social justice and providing economic security for families. In this context, the recent statement by the International Monetary Fund (IMF), calling for “structural reforms” to the Social Security Law to ensure its financial sustainability, has sparked legitimate concerns among wide segments of citizens, especially in light of previous experiences that led to the erosion of some protections and the exclusion of groups such as youth from certain insurances. While we acknowledge the importance of the fund’s sustainability and governance, we emphasize that any reform must primarily aim to enhance social protection, expand insurance coverage, and achieve equity among all categories of workers, rather than reducing costs and limiting rights.



Below is a set of priorities that must be focused on when amending and reforming the Social Security Law:

First: Enhancing Insurance Coverage to Include All Workers

Despite the efforts made by the Social Security Corporation, the proportion of workers not covered by social security remains high, approaching half of the labor force, according to estimates by the Corporation itself, the World Bank, and local specialized institutions. This is due to several factors:

- Weak enforcement of the law and workplace inspections.
- Insurance evasion by many employers.
- Inadequacy of current subscription models for informal economy workers and the self-employed.
- Repeated legislative amendments that have negatively impacted public trust in the system.

With the rise of new forms of work (platform work, freelancing, part-time work), there is a growing need to develop flexible insurance tools that align with the nature of these jobs and provide comprehensive protection for insured individuals at reasonable costs.

Policy Recommendation

1. Adopt a simplified, low-cost insurance subscription system tailored for the self-employed and informal workers, with partial state support to encourage voluntary integration into the system.
2. Strengthen law enforcement through effective inspections, and link the issuance of commercial registration and occupational licenses to social security registration.
3. Launch nationwide campaigns in cooperation with unions and civil society organizations to raise awareness of the importance of social security for all workers, and link coverage to additional benefits such as health insurance and access to affordable financing.

Second: Reforming Early Retirement Policies and Ending Forced Referrals

The policy of expanding early retirement, especially forced retirement in the public sector, has become a heavy burden on the social security system, with early retirees comprising approximately 63% of all retirees. This leads to:

- Draining the pension fund and threatening its sustainability.
- Reduced retirement benefits and increased numbers of poor retirees.
- Retirees returning to the labor market to earn additional income, which leads to higher unemployment rates.

Policy Recommendation

1. Limit early retirement to voluntary cases or professions involving hazardous work, and prohibit forced referrals by institutions.
2. Restrict early retirement referrals by the government, whether for administrative reform or other reasons.
3. Establish an oversight mechanism for early retirement that takes into account social and economic dimensions and requires clear and well-justified rationale for any group referral.

Third: Developing Unemployment Insurance into a Genuine Unemployment Benefit System

The current form of unemployment insurance does not meet the minimum relevant international standards. Its coverage should be expanded to include workers with illnesses that require long treatment periods, such as cancer. Moreover, proposed reductions in compensation rates would increase the vulnerability of those most at risk of poverty, especially during periods of job loss.

Policy Recommendation

1. Transform the current unemployment insurance into a genuine unemployment benefit system, with government contributions, to ensure a dignified income for the unemployed during transitional periods.
2. Include patients undergoing long-term treatment (e.g., cancer patients) in the unemployment compensation mechanism.
3. Restrict the use of the unemployment fund to its core purpose and prohibit withdrawals for purposes unrelated to income loss.

Fourth: Enhancing Equity for Youth in the Social Security System

Recent amendments to the Social Security Law that excluded youth under 30 from full coverage under old-age, disability, and death insurance represent a serious regression in the principle of inclusivity and threaten to weaken their retirement protection.

Policy Recommendation

1. Amend Article (59) of the law, which allowed reduced contributions for youth, and restore the principle of full equity in insurance coverage for all workers.
2. Offer alternative incentives for employers to hire young people without undermining their insurance rights, such as tax exemptions.

Fifth: Activating Health Insurance Based on Equity and Participation Principles

Although health insurance has been stipulated in the law since 1978, it has yet to be implemented. The government's 2022 proposal aimed to impose most of the cost on the worker, which contradicts the principles of insurance equity.

Policy Recommendation

1. Gradually activate health insurance in partnership between the government, employers, and workers, and ensure the system aligns with ILO Convention No. (102) on minimum standards of social security.
2. Establish a dedicated health insurance fund within the Corporation, with clear identification of the target groups and funding sources.

Sixth: Institutional Independence and Sound Governance

The independence of the Social Security Corporation is vital for the transparency of its decisions, especially those related to investments. The heavy reliance on lending government funds from the Corporation threatens its future obligations and public trust in the institution.

Policy Recommendation

1. Enact legislation that restricts government use of social security funds, imposes independent oversight on investment decisions, and enhances the Corporation's managerial independence through a governance model similar to that of the Central Bank.
2. Restructure the Corporation's Board of Directors to reflect a balanced representation of the state, employers, and workers, and strengthen its supervisory and planning role.

Seventh: Developing Law Enforcement Tools and Combating Insurance Evasion

Failing to register workers in social security harms both the institution and the workers and weakens the subscriber base. Therefore, inspection and accountability capacities must be strengthened.

Policy Recommendation

1. Upgrade electronic inspection systems, expand field operations, and launch an effective digital complaint platform that allows workers to report evasion.
2. Toughen penalties on violating establishments and link the renewal of commercial records, occupational licenses, and access to facilitation services to proof of workers' inclusion in social security.

Conclusion

Reforming the social security system is a national imperative, but it must not entail reducing protections or placing the burden solely on workers. These reforms must be built on principles of justice, sustainability, and participation. We now face a historic opportunity to rebuild public trust in this vital institution through genuine and comprehensive reforms that respect workers' interests and balance financial sustainability with fundamental human rights.

**Social protection is not a burden on development, it is a prerequisite for it.
Spending on it is a real investment and a collective interest for all.**



المرصد العمالي الأردني
Jordan Labor Watch

CONTACT US:

الفينيق للدراسات الاقتصادية والمعلوماتية
PHENIX FOR ECONOMIC & INFORMATICS STUDIES

Tel. +962 6 56 838 54
Fax: +962 6 56 838 64
P.O.Box: 304 Amman 11941 Jordan
E-Mail: info@phenixcenter.net
www.phenixcenter.net



@PhenixCenter

المرصد العمالي الأردني
JORDAN LABOR WATCH

www.labor-watch.net



@LaborWatchJo

