

Subsistence Level 2

The Minimum Wage in Jordan



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Introduction

The issue of the minimum wage is one of the economic and social topics that generates widespread debate in various countries, as it involves multiple factors related to the economy, workers' rights, and the standard of living.

The minimum wage is an important tool for achieving social protection for workers, as it contributes to improving the standard of living, particularly for workers in low-wage sectors. It also ensures that they receive the basic rights guaranteed by law, enhancing decent working conditions and achieving an adequate standard of living for all segments of society, including vulnerable groups such as migrant workers and refugees.

From an economic perspective, the minimum wage is a vital tool for supporting decent work and stimulating economic growth. It also helps promote social justice by reducing wage gaps and ensuring that everyone attains an acceptable standard of living.

Setting the minimum wage requires taking into account the specific conditions of each country, including living standards and inflation, to ensure a balance between individuals' needs and the national economy's capacity.

In Jordan, as in many other countries, the minimum wage is a contentious issue that is repeatedly raised and debated. Opinions are divided between those who support raising it and those who believe keeping it unchanged is the best option given the economic challenges facing the Kingdom. Proponents of an increase argue that it is necessary to address the rising cost of living and ensure a decent life for workers. Opponents, however, fear that raising the minimum wage could impose additional burdens on employers, potentially leading them to lay off workers or shut down their businesses.

Therefore, determining the minimum wage requires a comprehensive study of Jordan's economic and social conditions, taking into account influential factors such as inflation and living standards.

The Concept of Minimum Wage

The minimum wage is considered one of the various tools of social protection. It is defined as an economic and social concept aimed at determining the minimum amount a worker can earn for their labor, whether on a monthly, daily, or hourly basis. This amount is protected by specific laws and regulations designed to ensure a decent life for workers and their families.

According to the International Labour Organization (ILO), the minimum wage is defined as “the minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract.” This amount is determined based on covering the basic needs of workers and their families, considering the prevailing economic and social conditions in the country. This definition highlights that the minimum wage is both a social and economic tool, aiming to balance living expenses with the basic needs of workers and their families, providing them with a decent standard of living. It also contributes to enhancing economic and social stability and job security for workers. Considering from a social perspective, the minimum wage is an effective tool to reduce poverty and improve the living standards of low-income groups. It protects workers from wage exploitation, particularly in cases where employers take advantage of workers’ circumstances to lower their wages. Whereas, from an economic perspective, setting a minimum wage helps stimulate the local economy by increasing workers’ purchasing power. Higher wages lead to increased spending, which supports economic growth and boosts market activity.

Minimum Wage in the International and Local Context

The roots of the minimum wage concept date back to the late 19th and early 20th centuries, when labor unions and social movements began pressuring governments to implement policies that protect workers from exploitation and ensure them wages sufficient to meet their basic needs. New Zealand was among the first countries to implement a minimum wage law in 1894, followed by Australia in 1896. The United Kingdom adopted its first minimum wage legislation in 1909, initially as an alternative to collective bargaining in low-wage sectors. The minimum wage at the time was limited to specific groups of workers earning very low wages. Subsequently, the United States adopted its first state-level minimum wage law in Massachusetts in 1912. In 1928, the International Labour Organization (ILO) adopted the Minimum Wage-Fixing Machinery Convention No. 26, which reflected a sectoral approach. Article 1 of the convention called for setting minimum wage levels for workers employed in certain trades or industries where no effective wage regulation, such as collective agreements, existed, and where wages were unusually low. The convention covered the industrial and commercial sectors but did not extend to the agricultural sector after the end of World War II.

Over the decades, minimum wage laws have spread worldwide, with many countries adopting these policies to safeguard workers' rights and promote economic stability. Minimum wage rates vary significantly across countries, influenced by various factors such as economic development, cost of living, and government policies.

As the scope of minimum wage coverage expanded, with the emergence of national minimum wage systems in countries such as France, the United States, and Mexico. These efforts were reflected in the adoption of the ILO Minimum Wage Fixing Convention No. 131 of 1970, which remains one of the most significant conventions of the International Labour Organization. This convention stipulated the mandatory enforcement of legal provisions related to the minimum wage, prohibiting any reduction or non-implementation under penalty of criminal or other appropriate sanctions for responsible individuals. It has also outlined the standards and procedures that must be considered when determining minimum wage levels, such as addressing the needs of workers and their families, taking into account the general wage levels in the country, and considering the cost of living.

The International Labour Organization (ILO) also adopted Recommendation No. 135 of 1970 on Minimum Wage Fixing. This recommendation addresses the objectives to be achieved through establishing a minimum wage, as well as the criteria to be considered when determining its level, its scope, and its revision or adjustment. It also outlines the methods for its determination, clearly stating that minimum wages should form part of a policy aimed at overcoming poverty and meeting the needs of all workers and their families. The primary purpose of setting minimum wages is to provide the necessary social protection for wage earners in terms of minimum permissible wage levels. Furthermore, minimum wage rates should be adjusted from time to time, taking into account changes in living costs and other economic conditions.

Similarly, the Arab Labour Convention No. 15 of 1983 concerning wage determination and protection is one of the important legal instruments aimed at determining and safeguarding wages in the Arab world. It seeks to unify the concept of fair wages and ensure workers' rights regarding wage determination and the provision of suitable working conditions.

The Jordanian legislator established the principle of wage determination through the Labour Law No. 8 of 1996, specifically in Article (43), which stipulates the formation of the Tripartite Committee for Labour Affairs, one of whose tasks is to set the minimum wage¹.

In Jordan, the Labour Law mandates that the minimum wage is determined by the Tripartite Committee for Labour Affairs, formed by the Ministry of Labour in accordance with the Labour Law. This committee includes equal representation from the government, workers, and employers, with the Ministry of Labour chairing the committee. The committee is responsible for determining the minimum wage generally or for a specific region, profession, or age group, taking into account the cost-of-living indicators issued by the relevant official bodies.

¹ [Tripartite Committee for Labor Affairs.](#)

The amount of the wage shall be set in the Contract. Shall the Employment Contract fail to state same, then the Employee shall receive the estimated wage for work of a similar nature, if any, otherwise, it shall be estimated in accordance with Custom. Shall there be no Custom, then the Court shall undertake its determination in accordance with the provisions of this Law as being a labour dispute concerning wages. Moreover, employers are prohibited from paying workers less than the minimum wage or practicing any wage discrimination based on gender for work of equal value.

Article (52) of the Labour Law stipulates that the Tripartite Committee is responsible for determining the minimum wage, whether generally or for a specific region, profession, or age group, taking into account the cost-of-living indicators issued by the relevant official bodies. Accordingly, the role of the Tripartite Committee for Labour, as outlined in the Labour Law, involves measuring the cost of living and setting the minimum wage based on its agreements. It is also worth noting in this context that the committee's decisions regarding the determination of the minimum wage have not included the foundations upon which these wage increases were based.

Calculating the Minimum Wage Level

Amid the growing economic challenges faced by many countries, setting a minimum wage is one of the most important policies aimed at ensuring a decent standard of living for workers. The approaches for calculating this minimum wage vary from one country to another. Some countries rely on the concept of a “basket of goods²” as a basis for determining the minimum wage that guarantees the coverage of basic needs for individuals or families.

The “Basket of Goods” includes a range of essential expenses³ such as housing, food (measured in calories), education, transportation, and healthcare. The average prices of these goods and services are analyzed to determine the wage level required to cover these basic needs. However, the key question remains: does the current minimum wage in Jordan, set at 260 JOD, cover these necessities? Even with the planned 8% increase, bringing it to 280 JOD, doubts persist about whether this amount is sufficient to meet basic living needs. The economic reality indicates that rising living costs, particularly in areas such as rent and energy, make it challenging for individuals to meet their basic needs even after this slight increase.

Moreover, the ‘basket of goods’ is influenced by variable factors such as household size and price differences across various governorates. These factors underscore the need for regular and comprehensive reviews of minimum wage policies that take into account economic and social changes.

Mechanism for Setting the Minimum Wage

The process of determining the minimum wage in Jordan is regulated by the Labor Law, which establishes the principles and criteria that must be considered when setting the minimum wage. The law mandates periodic reviews of the minimum wage to ensure its alignment with economic and social changes. The Tripartite Committee for Labor Affairs is responsible for setting the minimum wage and conducts studies on economic and social conditions, including inflation rates⁴ and living costs, before making its recommendations.

² A “Basket of Goods” is an economic concept that refers to a collection of items representing consumer spending patterns, consisting of a fixed set of goods and services. Its prices are evaluated monthly or annually to measure inflation in a particular market or country. The goods in the basket are often adjusted periodically to account for changes in consumption habits. These evaluations help monitor price changes over time, often forming the basis for calculating the Consumer Price Index (CPI), a widely used indicator to track inflation and inform adjustments to inflation targets.

³ The goods and services included in the “Basket of Goods” are categorized into several sections that vary from one country to another. Examples include: food and beverages, clothing and textiles, housing and essential utilities such as water and electricity, transportation and communications, healthcare services, education, and entertainment.

⁴ Inflation is defined as a continuous rise in the general level of prices for goods and services that affect a wide segment of citizens. On a microeconomic level, this increase impacts the purchasing power of individuals, weakening their financial ability to meet their living needs.

Over the past two decades, Jordan has undergone significant economic transformations. The first minimum wage was introduced in 2000 at a level of 80 JOD. Since then, the minimum wage has been raised multiple times, currently standing at 260 JOD. These increases were implemented gradually in response to the economic and social changes the country has experienced. These changes date back to the period preceding the 2008 global financial crisis, during which Jordan's economy enjoyed stability, achieving high economic growth rates ranging from 5.1% to 7.3% between 2000 and 2008. This economic stability, along with stable prices, led to modest increases in the minimum wage, ranging between 5 and 10 JOD⁵. However, the economic situation began to shift after the global financial crisis, as Jordan's economy was impacted by numerous changes resulting from the crisis. This coincided with the political upheaval in the Arab region starting in 2011, leading to a gradual slowdown in economic growth, which dropped to just 1.9% in 2018. This slowdown, in turn, caused inflation rates to rise, necessitating successive decisions to increase the minimum wage, which was raised to 220 JOD in 2017.⁶

In a new step to enhance the purchasing power of workers, the Tripartite Committee for Labor Affairs decided on February 24, 2020, to raise the minimum wage for Jordanians to 260 JOD, effective January 1, 2021. The decision also included "increasing the minimum wage for the years 2022, 2023, and 2024 by the inflation rate of the previous year, as determined by the relevant official authorities." However, at the beginning of 2023, another decision was issued to freeze the minimum wage at 260 JOD for the years 2023 and 2024. The committee will review the minimum wage again at the beginning of 2025 to recalculate it, incorporating the cumulative inflation rates for the years 2022–2024 into the current amount of 260 JOD. It is worth noting that the minimum wage has risen from 150 JOD per month in 2010 to 260 JOD in 2021. This represents a 26% increase in 2012, an 11% increase in 2017, and a 17% increase in 2021.⁷

5 [Jordan Strategy Forum: Jordan's Economy Over Two Decades: Achievements and Present Challenges, 2019](#)

6 Council of Ministers Resolution of the Minimum Wage Committee No.(1688), which stipulates raising the minimum wage for Jordanian workers in all sectors from 190 JOD to 220 JOD, based on the decision of the Tripartite Committee for Labor Affairs.

7 [Official Gazette -A decision issued by the Tripartite Committee for Labor Affairs regarding the determination of the minimum wage for workers in Jordan, issued pursuant to the provisions of Article \(52\) of the Jordanian Labor Law No. \(8\) of 1996 and its amendments.](#)

It is also significant to point out that the decisions made by the Tripartite Committee to set the minimum wage did not outline the criteria or reasons behind the decisions to raise it. Upon reviewing the decision issued under the provisions of Article (52) of the Labor Law No. (8) of 1996, we observe the addition of Article (8), which is a significant and qualitative shift regarding the review of the minimum wage. This article states: "This decision is reviewed by the Tripartite Committee at the beginning of each year to determine any increase in the minimum wage decided by the committee.⁸ " This indicates that, according to the decision, it has become mandatory to review the minimum wage at the beginning of each year.

In the same context, a decision was made to maintain the minimum wage at 260 JOD for 2023, with no increase planned for 2023-2024. The committee will review the minimum wage between January 1 and January 10, 2025, to decide on an adjustment for Jordanian and non-Jordanian workers starting January 1, 2025. The adjustment will reflect the cumulative inflation rates recorded in the Kingdom during 2022, 2023, and 2024. In its February 2023 meeting, the Tripartite Committee for Labor Affairs resolved the following: (To maintain the minimum wage at 260 JOD for the years 2023-2024, with a review by the committee at the beginning of 2025 to recalculate it. The recalculation will involve increasing the current minimum wage of 260 JOD by adding the cumulative inflation rates for the years 2022-2024.)⁹

The inflation rates in Jordan over the specified years are as follows: in 2022, the rate was 4.23%; in 2023, it decreased to 2.08%; and for 2024, a further reduction is anticipated, with expectations around 2%. Accordingly, the legal entitlement and enforcement of the aforementioned decision would require raising the current minimum wage by the total of these inflation rates, amounting to a cumulative 8%, equivalent to an increase of 20 JOD. This would bring the minimum wage to 280 JOD starting January 1, 2025.

When discussing the mechanism for calculating the minimum wage, it is essential to address the formula for considering inflation rates in its calculation and the formula which stipulated by the Labor Law that is based on living costs, . Article (52) of the law clearly states that determining the minimum wage must be based on living cost indicators, not inflation rates. Calculating the minimum wage based on living costs involves considering the actual expenses required to meet the basic needs of an individual or family, such as food, housing, transportation, healthcare, and

⁸ [A decision issued pursuant to the provisions of Article \(52\) of Labor Law No. \(8\) of 1996.](#)

⁹ [Official Gazette -A decision issued by the Tripartite Committee for Labor Affairs regarding the determination of the minimum wage for workers in Jordan, issued pursuant to the provisions of Article \(52\) of the Jordanian Labor Law No. \(8\) of 1996 and its amendments.](#)

education. For instance, according to the latest global classification published by the “Numbeo” platform, the monthly living cost for a family of four is estimated at 1,843 JOD, excluding rent, with an average cost of 520 JOD per individual¹⁰. Meanwhile, the rent for a small apartment ranges between 200 and 300 JOD. This indicates that the current minimum wage of 260 JOD falls significantly short of covering even the most basic requirements. This reality is further supported by the figures for the absolute poverty line for a standard family (4.8 members), which, according to official figures, stands at 480 JOD per month. Additionally, the general absolute poverty line (food and non-food) is set at 813.7 JOD per individual annually (equivalent to 68 JOD per month), the extreme poverty line per capita (food poverty), is estimated at 336 JOD annually, or approximately 28 JOD per month per individual. Moreover, the minimum wage is far below the dependency ratios, with each individual supporting three others, which would require an income of around 400 JOD per month¹¹.

Accordingly, it is important to recognize that ignoring the cost-of-living mechanism and replacing it solely with the inflation rate does not provide a complete picture of the economic situation. Price increases disproportionately affect the most vulnerable groups in society, exacerbating the living challenges they face. This approach contradicts the legal requirements that emphasize the necessity of calculating the minimum wage based on actual changes in the cost of living.

10 [Numbeo Platform](#)

11 [Department of Statistics, “Poverty Status in Jordan, Household Expenditures & Income Survey 2010.](#)

The Poverty Line in Jordan¹²

As we previously mentioned, Jordanian labor law links the minimum wage to living costs. The law ties the minimum wage to these costs to ensure that the wages earned by workers are sufficient to meet their basic needs. However, this standard faces significant challenges, most notably the debate surrounding the poverty line in Jordan. According to international standards, the minimum wage should exceed poverty levels, with the poverty line serving as the absolute minimum that must not be crossed when setting wages.

Although the minimum wage is linked to living costs, the latest report on poverty in Jordan, published by the Department of Statistics in 2010 under the title “The State of Poverty in Jordan,” indicated that the absolute poverty line was approximately 14.4%. This represents the percentage of individuals whose expenditures are below the average poverty line. The report also stated that the general absolute poverty line (including both food and non-food) amounted to 813.7 Jordanian dinars per person annually, or 68 dinars per person per month. The extreme poverty line per capita (food poverty) for an individual was 336 dinars annually, or 28 dinars per person per month¹³. Furthermore, a report from the World Bank, “Atlas of Sustainable Development Goals 2023,” stated that the percentage of people classified as below the poverty line in Jordan is approximately 35%, which means the number of poor people is estimated at around 3.98 million out of a total population of 11.3 million. The World Bank set the poverty line for an individual at 5.60 dinars per day.

These estimates, when compared to the total population of the kingdom, which is approximately 11.3 million, are 11% higher than previous government estimates. In statements made by the Deputy Prime Minister for Economic Affairs, Nasser Al-Shraideh, in 2021, he mentioned that the poverty rate in Jordan had risen to 24%, according to his estimation at that time. However, according to the latest Household Expenditures & Income Survey, conducted by the Department of Statistics for the years 2017-2018, the poverty rate across the kingdom was estimated at 15.7%.

According to the findings of the report, one-third of Jordanians are poor, with the poverty line for an individual estimated at 168 dinars per month, compared to 100 dinars in 2018. This earlier figure was based on the Household Expenditures & Income Survey for 2017-2018, issued by the Department of Statistics. This means

¹² The poverty line is defined as the minimum level of income an individual or a family needs to maintain an adequate standard of living in a given country.

¹³ [Department of Statistics, The State of Poverty in Jordan, Household Expenditures & Income Survey 2010.](#)

that the minimum amount required to cover the basic needs of a standard family (composed of 4.8 members) should be approximately 480 dinars per month. In this context, it is important to note that many official entities do not consider the poverty rates announced in 2017 as a reference point because they were released without detailed information. Instead, they rely on the poverty rates published in 2010. This indicates that the government has not disclosed actual poverty rates for over 13 years. Consequently, successive governments seem to avoid revealing updated poverty figures due to fears of facing accountability, especially since these rates appear alarming and shocking.

It is also important to highlight the formula used by the Department of Statistics to calculate poverty rates, which is based on household expenditures rather than income levels. This approach may result in an inaccurate depiction of the actual poverty rates in the country. The reason behind this is that Jordanian households often spend more than they earn, relying on additional financing sources such as loans, asset sales, and property liquidation. Therefore, it is crucial to consider revising these criteria to ensure that the estimates more accurately reflect the economic and living realities of Jordanian households.

Migrants in Jordan

Approximately 2.92 million non-Jordanians reside in the Hashemite Kingdom of Jordan, distributed between 1.68 million males and 1.24 million females, according to the 2015 General Population and Housing Census. These workers play an essential role in the Jordanian economy, yet they face significant challenges regarding labor rights, particularly concerning the minimum wage.

Non-Jordanian workers in Jordan have experienced discrimination in policies related to minimum wage increases, being excluded in several decisions. For instance, in 2012, when the minimum wage was raised from 150 to 190 Jordanian dinars, non-Jordanian workers were excluded, leaving their minimum wage at 150 dinars. This exclusion was repeated in 2017 when the minimum wage increased to 220 dinars, with no change for non-Jordanian workers.

In 2021, a decision was made to equalize the minimum wage between Jordanians and non-Jordanians, but with conditions. The Tripartite Committee for Labor Affairs excluded non-Jordanians from an immediate equalization of the wage increase, deciding instead that the equalization would occur gradually over two years—50% in the first year and the remaining 50% in the second year. However, the apparel and textile sector was exempted from this decision, as it adheres to collective labor agreements for its workers (both Jordanians and non-Jordanians), including annual raises. Additionally, domestic and loading and unloading workers were excluded from these decisions.

Excluding non-Jordanian workers from these wage increases constitutes discrimination and violates international agreements and standards, including International Labour Organization Convention No. 111, which mandates equal pay for equal work.

Recommendations

1. The minimum wage must be increased to align with the economic conditions in the Kingdom and inflation rates.
2. Implement Article 8, added to the 2017 minimum wage increase decision, ensuring that the minimum wage is reviewed and adjusted in accordance with economic and social conditions, including living costs, the economic situation, and the growth of Jordan's GDP.
3. Reevaluate minimum wage policies to ensure social and economic justice.
4. Conduct periodic reviews of minimum wage policies that consider economic and social changes. Price fluctuations and inflation must be directly reflected in wages to ensure they meet basic needs.
5. Work on enforcing legislation that regulates the relationship between employers and workers, contributing to economic development and protecting the rights of all parties involved in the production process.

Annex No. (1)

The Tripartite Committee for Labor Affairs made several decisions regarding the minimum wage as follows:

1. On 1/1/1999, the minimum wage was set at 80 Jordanian dinars. ¹⁴
2. On 28/8/2002, the minimum wage was raised to 85 Jordanian dinars. ¹⁵
3. In 2005, the minimum wage was raised to 95 Jordanian dinars. ¹⁶
4. On 30/4/2006, the minimum wage was raised to 110 Jordanian dinars. ¹⁷
5. On 14/10/2008, the minimum wage was raised to 150 Jordanian dinars. ¹⁸
6. In 2012, the minimum wage was raised to 190 Jordanian dinars. ¹⁹
7. On 5/2/2017, the minimum wage was raised to 220 Jordanian dinars. ²⁰
8. On 1/1/2021, the minimum wage was raised to 260 Jordanian dinars. ²¹

¹⁴ [The decision of the Tripartite Committee for Labor Affairs regarding the determination of the minimum wage for workers in Jordan, 1999.](#)

¹⁵ [The decision of the Tripartite Committee for Labor Affairs regarding the determination of the minimum wage for workers in Jordan, 2002.](#)

¹⁶ [The decision of the Tripartite Committee for Labor Affairs regarding the determination of the minimum wage for workers in Jordan, 2005.](#)

¹⁷ [The decision of the Tripartite Committee for Labor Affairs regarding the determination of the minimum wage for workers in Jordan, 2006.](#)

¹⁸ [The decision of the Tripartite Committee for Labor Affairs regarding the determination of the minimum wage for workers in Jordan, 2008.](#)

¹⁹ [The decision of the Tripartite Committee for Labor Affairs regarding the determination of the minimum wage for workers in Jordan, 2012.](#)

²⁰ [The decision of the Tripartite Committee for Labor Affairs regarding the determination of the minimum wage for workers in Jordan, 2017.](#)

²¹ [The decision of the Tripartite Committee for Labor Affairs regarding the determination of the minimum wage for workers in Jordan, 2021.](#)



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TAMKEEN

For legal and human rights

E-mail: Media@tamkeen-jo.org
www.tamkeen-jo.org

Al-Madina Al-Munwra St, Tel: + 962 5539501
Building #197 | 3rd Floor Mobile: + 962 797847997