

# ERF Policy Brief

## Reversing the Trend: Policy Levers for Jordan's Labor Market Recovery

Ragui Assaad, Caroline Krafft,  
and Nouf Abushehab

### About the authors

Ragui Assaad is Professor and Freeman Chair for International Economic Policy at the Humphrey School of Public Affairs at the University of Minnesota. He is an ERF Research Fellow.

Caroline Krafft is an Associate Professor at the Humphrey School of Public Affairs at the University of Minnesota.

Nouf Abushehab is a PhD Student at the Department of Economics at Trinity College Dublin.

### In a nutshell

- Labor force participation and employment rates in Jordan, already among the lowest in the world, are continuing to decline, but the pace of decline is slowing.
- Unemployment rates in Jordan, also among the highest in the world, continue to increase, but here again the pace of increase is slowing, especially among women.
- Young people are particularly struggling with high unemployment rates.
- Supporting labor demand, whether through migration, facilitating remote work for global employers, or promoting a competitive private sector, is critical to improving labor market outcomes.
- Policies that allow jobseekers to signal more information about themselves and their skills can help improve matching in the labor market.
- Programs and policies that allow youth to participate in on-the-job training opportunities, such as internships and apprenticeships, can also improve labor market outcomes.

The analysis in this policy brief is mostly based on Krafft, Assaad, and Abushehab (2026) which uses data from the recently completed 2025 wave of the Jordan Labor Market Panel Survey in conjunction with the two previous waves in 2010 and 2016 (OAMDI 2026; Krafft, Assaad, and Ragab 2026).

This policy brief is an output of a project funded by the International Growth Centre (the IGC): "Jordan Labor Market Panel Survey 2024 Data Collection" ERF gratefully acknowledges the generous financial support provided by the London School of Economics and Political Science toward the implementation of the project.

We acknowledge the financial support of the European Union; the International Labour Organization (ILO) through the EU-Madad funded project "Towards an inclusive national social protection system and accelerating decent job opportunities for Syrians and vulnerable Jordanians"; the World Bank; UNICEF; UN Women; and the International Growth Centre (IGC) for the Jordan Labor Market Panel Survey 2025, on which this policy brief is based. The findings, interpretations, and conclusions expressed in this work are those of the author(s) and do not necessarily reflect the views of the World Bank, its Board of Executive Directors, or the governments they represent.

## 1. Introduction

During the 2016-2025 period, Jordan's aggregate labor market indicators continued to deteriorate, but the worsening trend appears to be reduced relative to the 2010-16 period, even reversing for some groups. Measures of participation in the labor force and employment, already low by international standards, have continued to decline, but at a slowing rate.

The overall rate of labor force participation for those aged 15 to 64 in Jordan declined by one percentage point (p.p.) over the nine years from 2016-25 (from 39 percent in 2016 to 38 percent in 2025), a substantial slowdown from the five p.p. decline over the six years of 2010-16. Similarly, employment rates declined by three p.p. over 2016-25 compared to six p.p. over 2010-16. Because labor force participation rates have declined less than employment rates, the pace of increase in the unemployment rate has not slowed as much. The unemployment rate increased by six p.p. over 2016-2025 (from 15 percent in 2016 to 21 percent in 2025) compared to a four p.p. increase over 2010-2016.

Disaggregating by gender, we see that the decline in women's participation in the 2010-16 period had in fact reversed in the 2016-25 period with female participation rising modestly, from 13 percent to 15 percent. However, this trend is due to increases in participation among non-Jordanian women, with Jordanian women seeing continuing modest declines in participation. Similarly, the decline in male participation can only be seen among Jordanians, with most non-Jordanians experiencing an increase in participation. Nevertheless, the decline in participation has slowed substantially among Jordanian men.

While unemployment rates have continued to increase for Jordanians, the pace of increase has decelerated for both men and women, but more so for women. Unemployment continues to be strongly concentrated among youth under 30 for Jordanian men, but extends to older ages, particularly for Jordanian women. Unemployment also is rising more among less educated men and women.

Improving labor market outcomes in Jordan will require a concerted policy push to address both weak overall labor demand and the labor market insertion of groups that struggle – particularly women and youth. This policy brief explores trends in Jordan's key labor market indicators (labor force participation, employment, and

unemployment rates), along with policy levers that can help address weak labor demand and difficult school-to-work transitions for young people.<sup>1</sup>

## 2. Labor force participation rate trends

The working-age population in Jordan has almost doubled from 3.5 million in 2010 to 5.8 million in 2025. However, this increase has not translated into a proportionate increase in the labor force. According to ILO modelled estimates, Jordan has the 11th lowest overall labor force participation in the world and the second lowest female labor force participation rate (ILO 2026a). Similarly, Jordan has the tenth highest overall rate of unemployment in the world and the sixth highest for women (ILO 2026b).

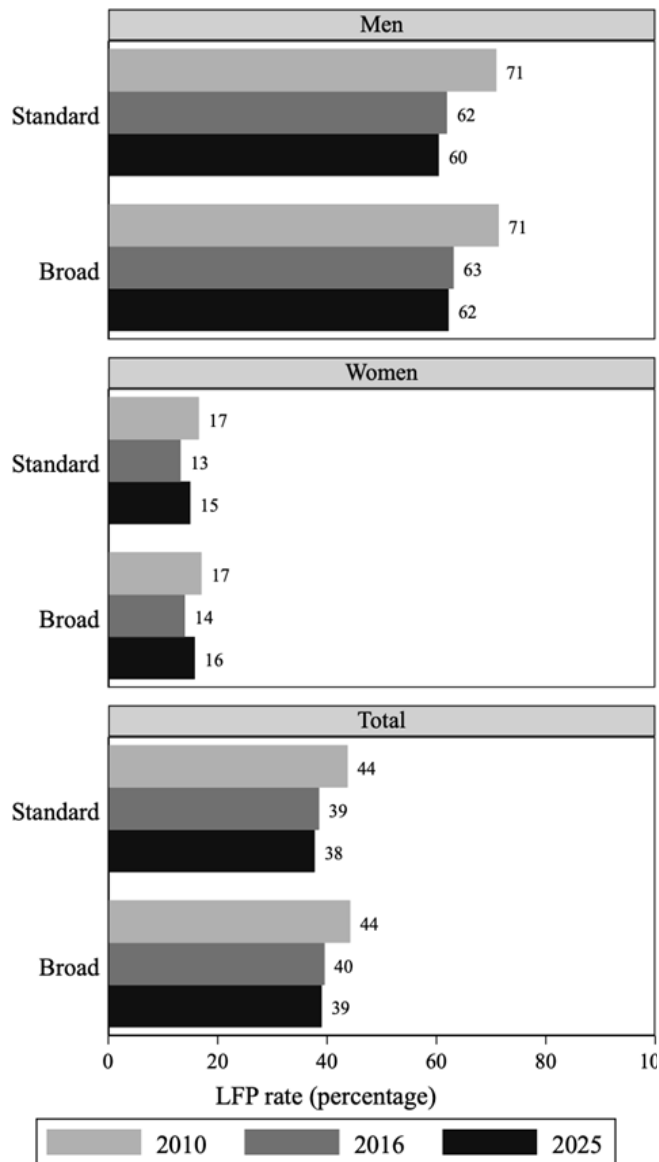
As shown in Figure 1, Jordan's already low labor force participation rates have continued to decline over 2016-2025 but at a slowing pace. We also see a one percentage point divergence between the standard and the broad participation rates in 2016 and 2025 relative to the two rates being equal in 2010. Since the difference is made up by the proportion of the population that is desiring and ready to work, but not actively searching for employment, it points to increasing discouragement. This suggests that the "discouraged worker phenomenon" could be an explanation for Jordan's low labor force participation, as unemployed workers eventually drop out of the labor market as they lose hope of getting acceptable employment.

As shown in Figure 1, women's very low participation rates appear to have reversed their decline, increasing from 13 percent in 2016 to 15 percent in 2025, but the increase is the result of increasing participation among non-Jordanian women. When disaggregated by nationality (not shown here), the results show that participation has continued to decline among Jordanian women (see Krafft, Assaad, and Abushehab 2026). Among men, the decline in participation from 2016 to 2025 is also attributable to declining participation among Jordanian men, since participation increased among non-Jordanian men during this period. However, it is important to note that the decline of participation among Jordanian men has slowed from a drop of seven p.p. from 2010 to 2016, to four p.p. from 2016 to 2025, when it reached 59 percent.

<sup>1</sup>Avendano et al. (2026) focus in-depth on policies to improve women's employment outcomes.



*Figure 1. Labor force participation rate (percentage), by sex and definition, ages 15–64, 2010-2025*



Source: Krafft, Assaad, and Abushehab (2026) based on JLMPS 2010-2025

Participation has continued to decline appreciably among younger Jordanians of both sexes and among older Jordanian men but has increased among older Jordanian women. Similarly, comparing 2025 to 2016, participation has declined among less educated Jordanian men, while remaining stable among their more educated counterparts. Conversely, it has remained stable (and low) among less educated Jordanian women, but has fallen among their more educated counterparts (Krafft, Assaad, and Abushehab 2026). For Jordanian women with a university education,

participation rates fell from 63 percent in 2010 to 39 percent in 2025. This trend largely explains why overall female participation continues to be low despite rising female educational attainment and the existence of a large positive relationship between education and female labor force participation, a phenomenon often referred to as the “MENA paradox” (Assaad et al. 2020).

### 3. Employment rate trends

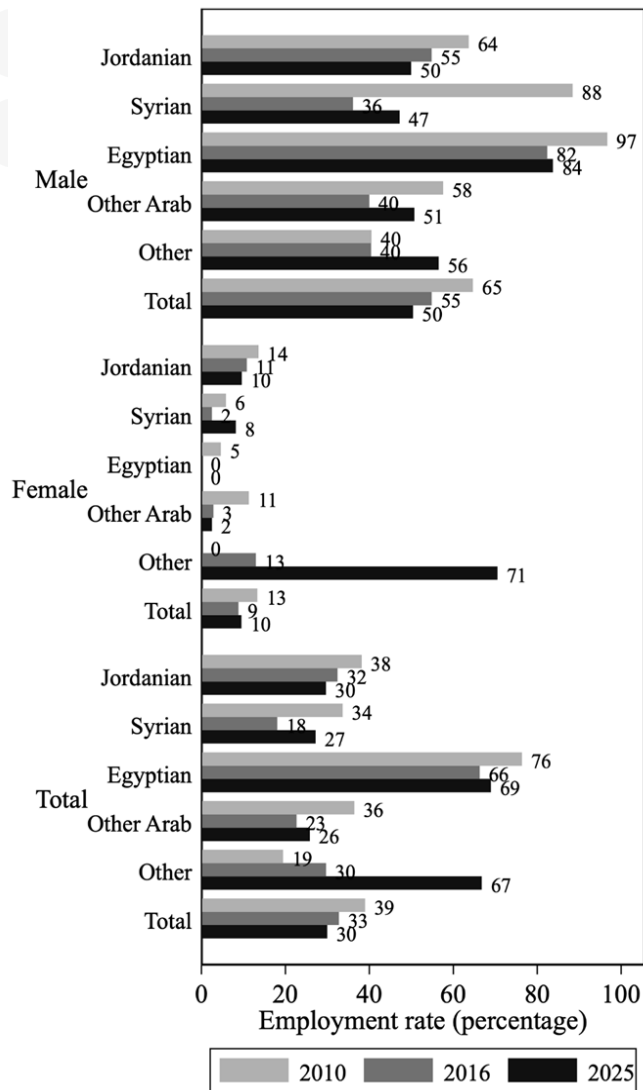
Employment rates have generally mirrored trends in participation rates. The employment-to-population ratio, or employment rate for short, has declined from 39 percent in 2010 to 33 percent in 2016, but the pace of decline slowed thereafter, with an additional three p.p. decline from 2016 to 2025. As shown in Figure 2, the decline is limited to Jordanians, with non-Jordanians experiencing substantial increases in employment. This is especially true for Syrians who were employed at very low rates in 2016 and other non-Arab nationalities. Employment rates have generally followed similar trends as participation rates by age and education.

Moving now to an examination of trends in employment rates by gender, we note from Figure 2, that, while employment rates have continued to decline among Jordanian women, the decline has slowed considerably over the 2016-2025 period. After declining from 14 percent in 2010 by three p.p. over six years to 2016, the decline slowed to one p.p. over nine years from 2016-2025. As with the case of participation, the decline in employment rates among Jordanian women is heavily concentrated among younger women with post-secondary and university education, groups that in the past would have benefited from public sector employment. In fact, employment rates have increased among older women (Krafft, Assaad, and Abushehab 2026), who are disproportionately and increasingly in public sector jobs.

When we delve deeper into the relationship between Jordanian women’s employment and their stage in the life course, we see that the lowest employment rates are for women who are married or have young children (see Figure 3). Single women in 2025 have employment rates of 20 percent, compared to 7-16 percent for married women with various numbers and ages of children in 2025. There is not, however, a clear gradation in employment rates by the age of the youngest child, with those whose youngest is aged 0-2 having the same employment rate of 8 percent as those whose youngest is 12-17. This result is consistent with past research that women exit employment at or in



Figure 2. Employment rate (percentage), by sex and nationality, ages 15–64, 2010-2025



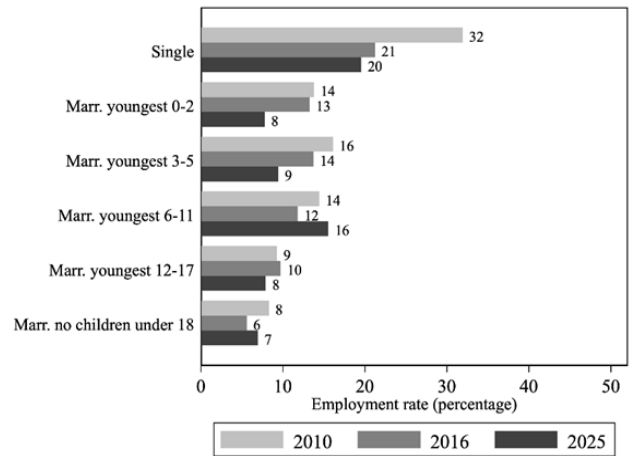
Source: Krafft, Assaad, and Abushehab (2026) based on JLMPS 2010-2025.

anticipation of marriage, more so than as a function of childbearing (Assaad et al. 2022; Selwaness and Krafft 2021). This exit is especially an issue as employment increasingly shifts to the private sector where it is more difficult to reconcile women’s market work with their care responsibilities.<sup>2</sup>

As shown in Figure 4, we see from both the 2016 and 2025 waves that women’s employment rates in the private sector tend to stall at or after marriage, while their rates of employment in the public sector continue to grow. However, in 2025, when the levels of public sector employment gain after marriage were lower, there was

<sup>2</sup> See Assaad and Khraise (2026) for a discussion of the shifting employment structure in Jordan.

Figure 3. Employment rate (percentage), by marital status and age of youngest child, Jordanian women not enrolled in school, ages 15–64, 2010-2025



Source: Krafft, Assaad, and Abushehab (2026) based on JLMPS 2010-2025.

some increase in entry into private sector work seven to ten years after marriage. Men’s employment rates in the public sector flatten at marriage, consistent with research that shows that men have to obtain employment before marrying (Krafft and Assaad 2020). However, their employment in the private sector continues to grow after marriage and that growth is more pronounced in 2025 than in 2016.

#### 4. Unemployment rate trends

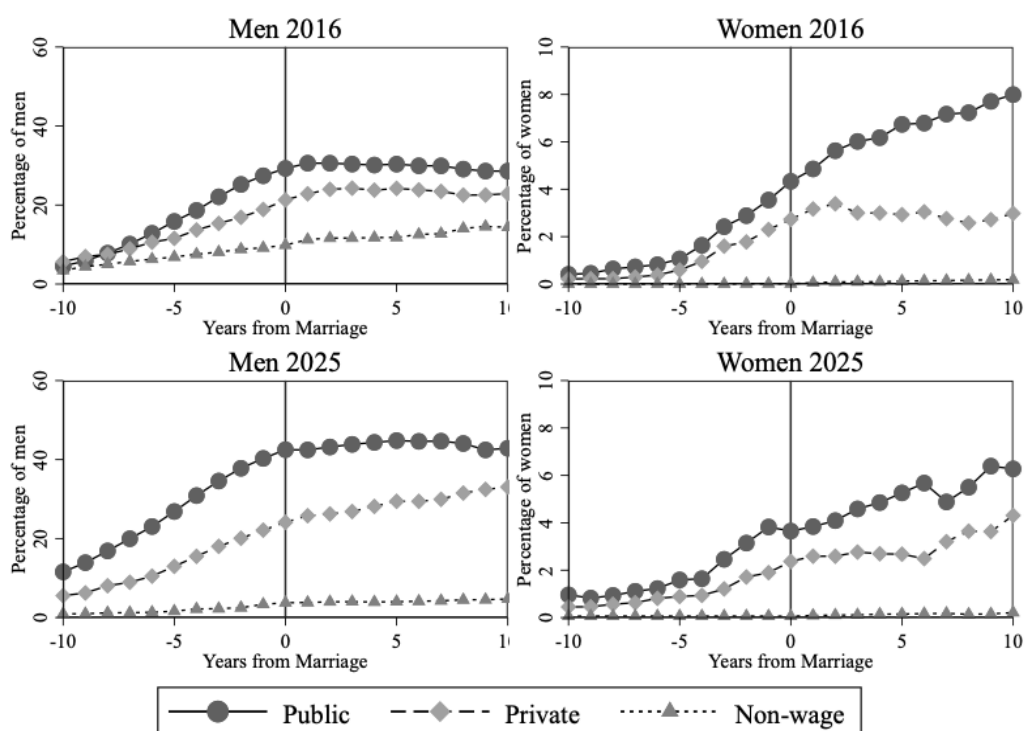
The unemployment rate has almost doubled in Jordan from 2010 to 2025, increasing from 10.9 percent in 2010 to 15.1 percent in 2016, and then 20.6 percent in 2025. Although unemployment rates tend to be substantially higher for women than for men (36.5 percent for women versus 16.6 percent for men in 2025), the increase in female unemployment slowed substantially since 2016, whereas male unemployment continued to rise. The increase in unemployment was experienced by both Jordanians and non-Jordanians.

While unemployment among Jordanians is primarily a phenomenon affecting young new entrants, it is increasingly spreading to older age groups, especially among women. As shown in Figure 4,<sup>3</sup> there are higher unemployment rates in 2025, at every age, compared to 2016 and 2010 for both men and women. Unemployment rates are particularly high among young men and women. The unemployment rate for Jordanian women

<sup>3</sup> Figure focuses on Jordanians to examine longer time trends within the same population.

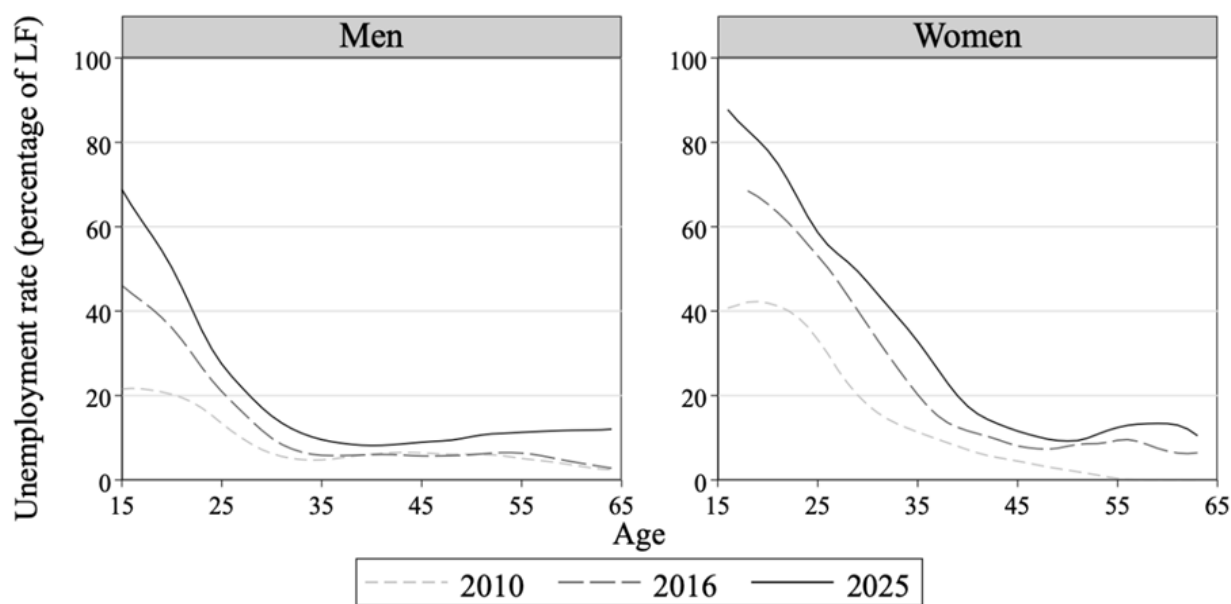


Figure 4. Percentage employed in various kinds of work by years since marriage and sex, Jordanian individuals married in the 20 years preceding the wave, ages 15–64, 2016 and 2025



Source: Krafft, Assaad, and Abushehab (2026) based on JLMPS 2016-2025.

Figure 5. Unemployment rate (percentage of the labor force), standard definition, by sex and age, Jordanians aged 15–64, 2010-2025



Source: Krafft, Assaad, and Abushehab (2026) based on JLMPS 2010-2025.



aged 20-24 was 69 percent in 2025 (it was 46 percent in 2010) and for men at this age it was 36 percent (it was 18 percent in 2010).

Unemployment falls appreciably by age 35 for men and age 45 for women. Lower unemployment for women at older ages does not mean that they transition into employment but could simply mean that they consider themselves no longer available for work as they marry and their unpaid care work responsibilities increase. Furthermore, unemployment has increasingly extended into older ages. A new phenomenon in 2025 is the increase in unemployment for men and women older than 50, which would normally be ages when both men and women would be already out of or leaving the labor force.

Unemployment rates did not vary much with education for Jordanian men in 2010 but have risen more for the less educated compared to the more educated by 2025, resulting in higher unemployment rates for the less educated in 2025. Similarly, unemployment rates for less educated Jordanian women were substantially lower than those of their more educated counterparts in 2010, but they have increased much more among the less educated than the more educated. By 2025, unemployment rates for less educated women were in fact slightly higher than those of educated women.

## 5. Conclusion and policy implications

Human resources in Jordan continue to be underutilized, as indicated by low and falling labor force participation and employment rates, and high and rising unemployment rates. Results from the JLMPS 2025 reveal, however, that the downward trend in both participation and employment has decelerated. How can Jordan now stabilize and improve labor market outcomes?

A fundamental challenge in Jordan is weak domestic labor demand. Jordan has, however, recently made some headway in growing employment in the private sector (Assaad and Khraise 2026). Ensuring a competitive private sector is fundamental to further accelerating labor demand. Research from elsewhere in the region indicates that non-competitive private sectors depress job creation (Chekir and Diwan 2015; Diwan and Haidar 2016). Weak domestic labor demand can also be addressed through encouraging migration, continuing Jordan's long history of largely temporary migration to the Gulf (Wahba 2014; Malaeb and Wahba 2019). Newer innovations, such as remote work, also provide

potential opportunities for Jordan to tap into global labor demand (e.g., Correlation One 2024).

Improving signals in the labor market is important to improving labor market functioning. In Jordan, the employed tend to find their work through social networks (Lassassi and Alhawarin 2017). Job matching programs on their own are unlikely to improve labor market outcomes. For example, a job matching program in Jordan made over a thousand matches but led to only nine jobs lasting more than a month, as available jobs did not meet youth's reservation prestige (Groh et al. 2015). Improved information about job seekers could, however, reduce the need of employers to rely on social connections for hiring. For instance, reference letters from former employers can help with hiring (Abel et al. 2020).

What can help new entrants? An excellent way to allow young people to signal more information about themselves is to allow them to participate in on-the-job training opportunities, such as internships and apprenticeships. Internships and apprenticeships also improve subsequent labor market outcomes (McKenzie et al. 2016; Krafft 2018). Dual apprenticeships – combining classroom training and on-the-job training – can improve labor market outcomes (Crépon et al. 2026).

Our results noted the emerging phenomenon of rising labor force participation and women beginning to enter private wage employment after they have completed their childbearing cycle. This trend could be greatly enhanced if the governing framework of the labor market encouraged flexible hours, part-time employment, and work from home arrangements (Ho et al. 2024; Jalota and Ho 2024). Incentivizing such flexible forms of work means reducing any fixed costs of employment by switching to hourly rather than monthly minimum wages and social security contributions. Monthly rather than hourly minimum wages, in contexts where women's time is highly constrained, tend to worsen gender gaps in the labor market (Ozturk 2009; Isik et al. 2020). However, on its own, child care does not increase women's employment, potentially due to short days of care (Krafft, Assaad, Avendano, et al. 2026; Avendano et al. 2026).

Some of the fastest growing sectors for female employment in Jordan are the information and communication technology (ICT) sector and the accommodation and food service sector (tourism) (Assaad and Khraise 2026). These trends bode well for raising employment rates among more educated women whose human capital has been increasingly underutilized as public sector hiring has slowed. Women's employment in these sectors



would be greatly enhanced if flexible employment (for tourism) and remote working arrangements (for ICT) could be adopted.

Adoption of policies that support labor market insertion for youth and women should be paired with policies that boost labor demand. Enhancing demand particularly for educated labor, in which Jordan has a comparative advantage, would allow Jordan to make greater use of its human resources.

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