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منتدى الاستراتيجيات الأردني
JORDAN STRATEGY FORUM

Jordan's position on the Commitment to Reducing Inequality Index 2020

December 2021

1. About the Index:

In partnership with the International Finance Organization, Oxfam International issued the report **“Fighting Inequality in the Time of the Corona Pandemic”** in October 2020. In the report, the **“Commitment to Reducing Inequality Index”**, monitors what governments are doing through their policy commitments to reduce inequality.

The Commitment to Reducing Inequality Index ranks a total of 158 economies in terms of their respective governments do to reduce inequality (income between the poor and rich), the CRI Index has three pillars and these are public services, taxation, and labor.

2. The Pillars and Sub-Indices:

	Public Services Spending	Tax Progressivity	Labor Rights and Wages
Policy Indicators	<ul style="list-style-type: none"> - Education - Health - Social Protection 	<ul style="list-style-type: none"> - Personal income tax - Corporate income tax - Value added tax - Harmful tax practices 	<ul style="list-style-type: none"> - Labor rights - Women’s labor rights - Minimum wage
	Spending as % of total budget	Progressive tax structures	Governments’ efforts to protect workers in law and practice
Implementation or coverage indicators	<ul style="list-style-type: none"> - Secondary education completion by poorest quintile - Universal health coverage and out-of-pocket expenditure - Pension coverage 	<ul style="list-style-type: none"> - Tax productivity across VAT, PIT & CIT 	<ul style="list-style-type: none"> - Unemployment - Vulnerable employment
Impact indicators	<ul style="list-style-type: none"> - Impact of spending on inequality (Gini) 	<ul style="list-style-type: none"> - Impact of tax on inequality (Gini) 	<ul style="list-style-type: none"> - Impact of labor income (wage) on inequality (Gini)
Total CRI score	<ul style="list-style-type: none"> - Average of 3 pillar scores 		

3. The Commitment to Reducing Inequality Index: Where Does Jordan Stand?

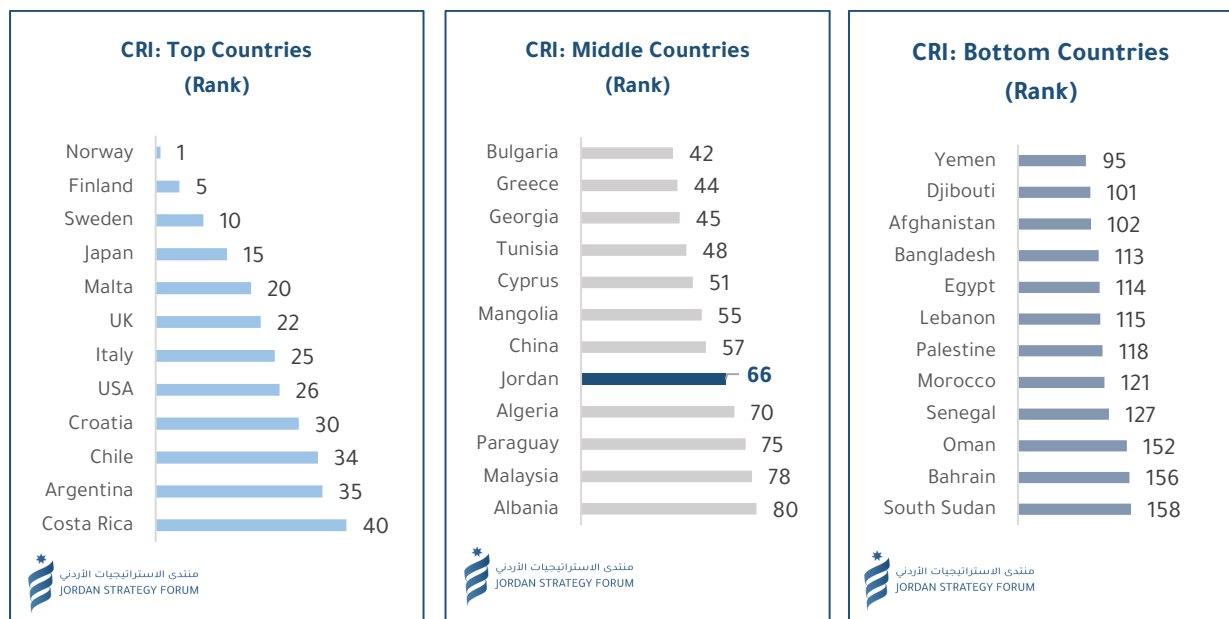
Jordan ranked 66 out of 158 countries on the overall index. As for Jordan's performance on the main three pillars of the index, the rankings are listed below:

- Public services: Jordan ranked 80/158 countries.
- Taxation: Jordan ranked 70/158 countries.
- Labor: Jordan ranked 64/158 countries.

4. Comparisons:

1. International Comparison:

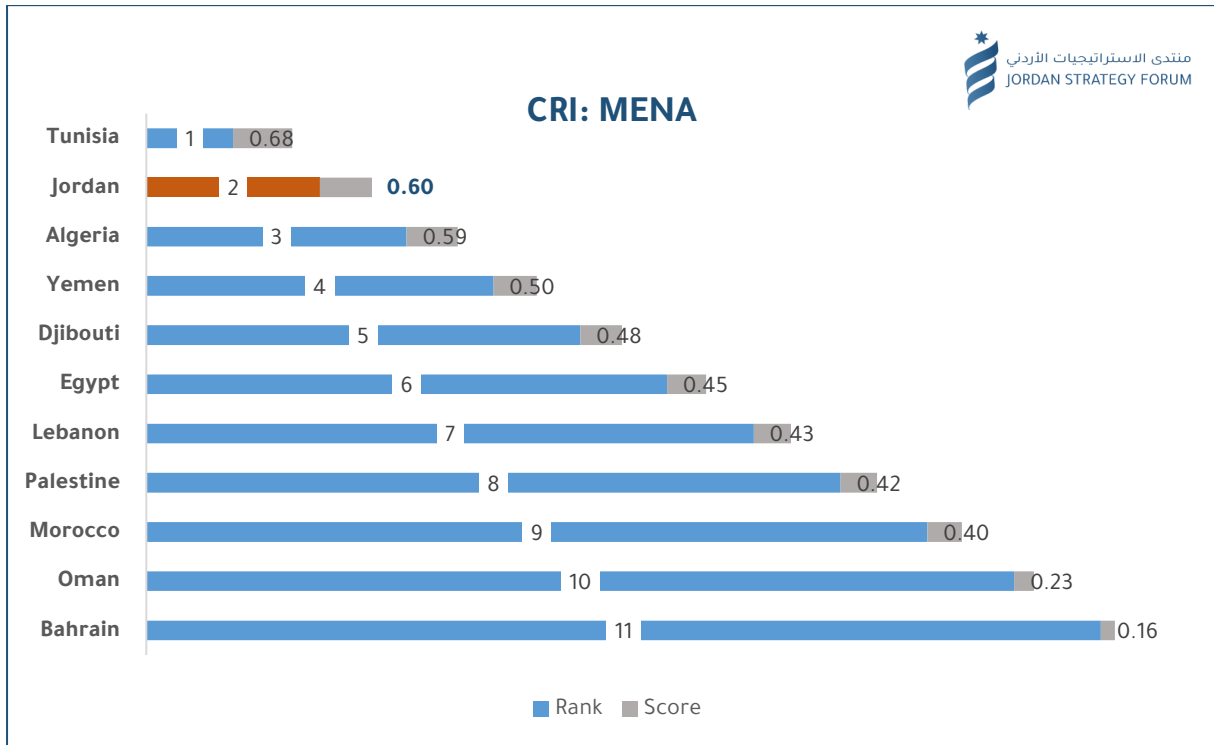
- The best performing countries were members of the OECD. Norway tops the world.
- With a ranking of 66 / 158, Jordan comes within the middle-performing countries. Tunisia comes in at 48 / 158, and Algeria comes in at 70 / 158.
- Unfortunately, the majority of Arab states fall in the group of bottom countries. Yemen ranks 95 / 158, South Sudan is last.



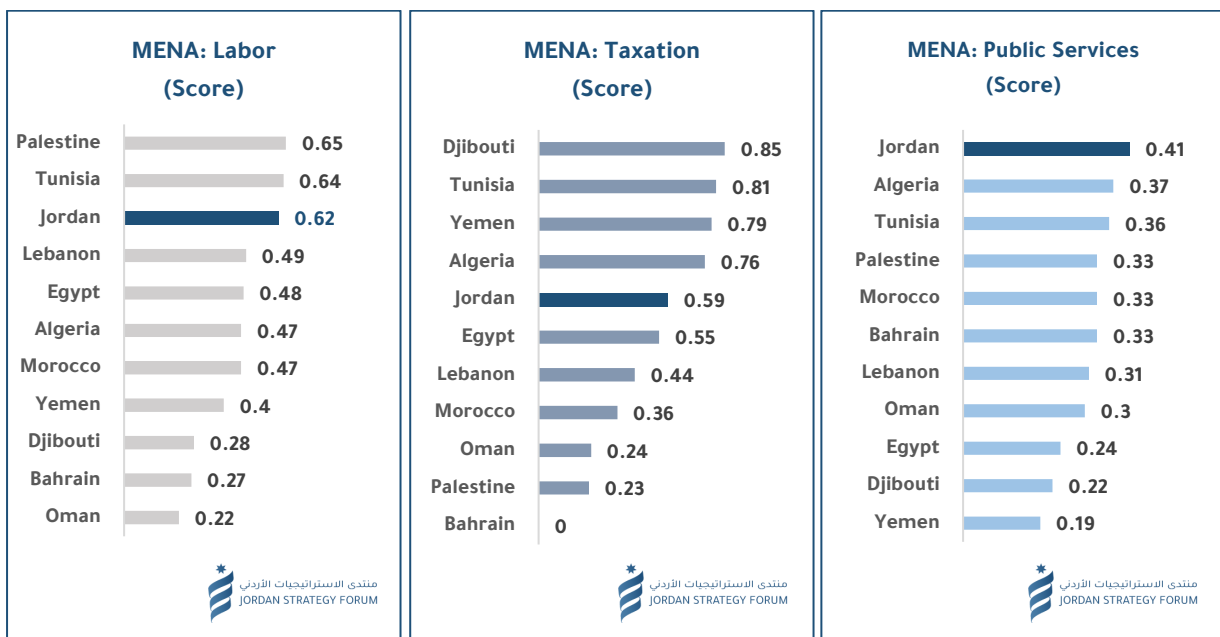
2. Regional Comparison: MENA

First, it is worth noting that the report classified countries by ranking (158) and the majority by score (0-1). The report had also classified countries by region. For example, the MENA region is composed of 11 countries.

Second, Tunisia tops the region. With a score of 0.60, Jordan ranks 2nd out of 11 countries. Bahrain is last.



1. In the “labor” pillar, Palestine comes in at 1st out of 11 countries. With a score of 0.62, Jordan ranks 3rd
2. In the “taxation” pillar, Djibouti comes in at 1st out of 11 countries. With a score of 0.59, Jordan comes in at 5th out of 11 countries. Bahrain is last.
3. In the “public services” pillar, Jordan tops the region with a score of 0.41. However, it is interesting to note that the regions’ scores are poor on this pillar.



5. In a Nutshell

Jordan's performance on the commitment to reducing inequality index in light of the onslaught of COVID-19 is somewhat good.

Based on the above-mentioned observations, the Jordan Strategy Forum (JSF) provides several policy measures to improve Jordan's standing on the commitment to reducing inequality index.

1. Policy makers should work towards rapid and tangible achievements in service areas; such as health, education, and transportation. This would address inequality perceptions and ensure that all citizens have equal rights and equal access to infrastructure.
2. Policy makers and stakeholders should provide leeway for labor unions in Jordan. This would provide workers registered in labor unions a legal reference to demand their rights in an orderly, effective, and civilized manner.
3. All stakeholders should think of innovative methods to formalize enterprises operating in the informal sector. This would ensure that these facilities adhere to the minimum wage, in addition to providing the government with additional tax revenues allocated towards the enhancement of public services.
4. Policy makers should revisit the tax system in Jordan, by reducing the reliance on the sales tax, which accounts for approximately 70% of the total taxes revenues.