

The International Day for the Eradication of Poverty 17th of October

Regardless how it is measured, people who are poor tend to suffer from “lack of income, nutritious food, equal justice, political influence, decent health care, good education, safe housing, decent work conditions, and many others. Poverty is a multidimensional phenomenon.

“Dignity for all in Practice” is the theme of the International Day for the Eradication of Poverty for 2022-2023. Within this context, the World Bank’s latest “Poverty and Shared Prosperity Report” was published on 5-10-2022. We outline some of the main findings of this report.

1. The COVID-19 pandemic increased global extreme poverty rate from 8.4% in 2019 to an estimated 9.3% in 2020. This increase implies that by the end of 2020, over 700 million people live in extreme poverty (less than \$2.15 per person per day).
2. In 2020, “the income losses of the world’s poorest were twice as high as the world’s richest, and global inequality rose for the first time in decades”.
3. It is estimated that 7% of the world’s population (about 574 million people) will still live in extreme poverty in 2030.
4. The Russian invasion of Ukraine has made the return to progress on poverty reduction more challenging.
5. Fiscal policy was much less protective in poorer economies than in richer ones.

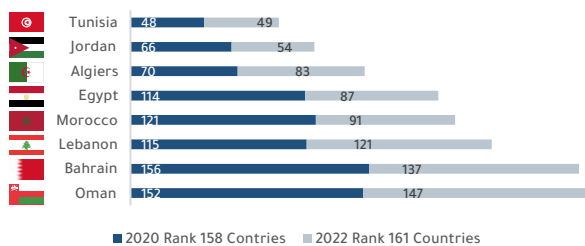
The Report recommends few Policy Options to think about in the future:

1. “Avoid broad subsidies, increase targeted cash transfers: Half of all spending on energy subsidies in low- and middle- income economies goes to the richest 20 percent of the population who consume more energy. Cash transfers are a far more effective mechanism for supporting poor and vulnerable groups”.
2. “Focus on long-term sustainable growth: High-return investments in education, research and development, and infrastructure projects need to be made today. In a time of scarce resources, more efficient spending and improved preparation for the next crisis will be key”.
3. “Mobilize domestic revenues without hurting the poor. Property taxes and carbon taxes can help raise revenue without hurting the poorest. So can broadening the tax base, progressively. If sales and excise taxes do need to be raised, governments should minimize economic distortions and negative distributional impacts by simultaneously using targeted cash transfers to offset their effects on the most vulnerable households”.

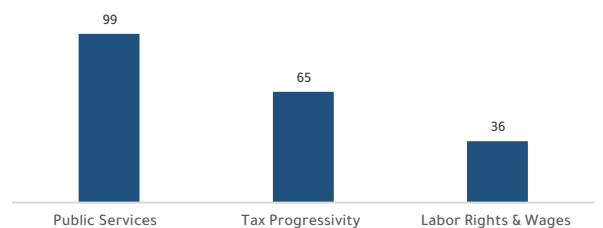
Oxfam, in partnership with the International Finance Organization (IFO), issued “The Commitment to Reducing Inequality Index 2022 on 11 Oct 2022. The index has three pillars, and these are public services, tax progressivity, and labor rights & wages.

It is encouraging to note that Jordan’s rank has improved. However, all relevant stakeholders should adopt the remedial measures to enhance Jordan’s performance in the provision of public services. This should “DECREASE” poverty in future years.

Ranking of Arab Countries on the Commitment to Reducing Inequality Index



Jordan's Rank on the 3 Indicators



IN A NUTSHELL, while unfavorable circumstances remain prevalent across the world, poverty remains a major concern to all governments. Indeed, Jordan is not any different. On this occasion, the Jordan Strategy Forum (JSF) calls for all relevant stakeholders to closely look at the World Bank’s 2022 Report (Poverty and Shared Prosperity Report) and adopt, where possible, some of the policy recommendations whose objective is to reduce poverty and inequality in Jordan.