



Policy Brief



منتدى الاستراتيجيات الأردني
JORDAN STRATEGY FORUM

Inclusive Growth: What Does it Mean & Where Does Jordan Rank in the Region?

February 2023

1. Background

The United Nations (UN) designates specific days (weeks, years and even decades) as “international days” (weeks, years and decades). These days are “occasions to educate the general public on issues of concern, to mobilize political will and resources to address global problems, and to celebrate and reinforce achievements of humanity”.

On the 20th of February, the UN celebrates the **“World Day of Social Justice”**. The theme of this year’s celebration is **“Overcoming Barriers and Unleashing Opportunities for Social Justice”**.

Within the context of the above-mentioned, it is interesting to note that the year 2022 (12 October) witnessed the publication of an important document by the International Monetary Fund (IMF). The title of this effort is **“Promoting Inclusive Growth in the Middle East and North Africa: Challenges and Opportunities in a Post-Pandemic World”**.

The overall objective of this book is to “reassess the inclusive growth agenda in the MENA region in light of the rapidly changing, pandemic-influenced world”. Within this context, the first chapter outlines a framework for measuring inclusive growth. In addition, this chapter provides measures of inclusive growth in the Middle East and North Africa countries.

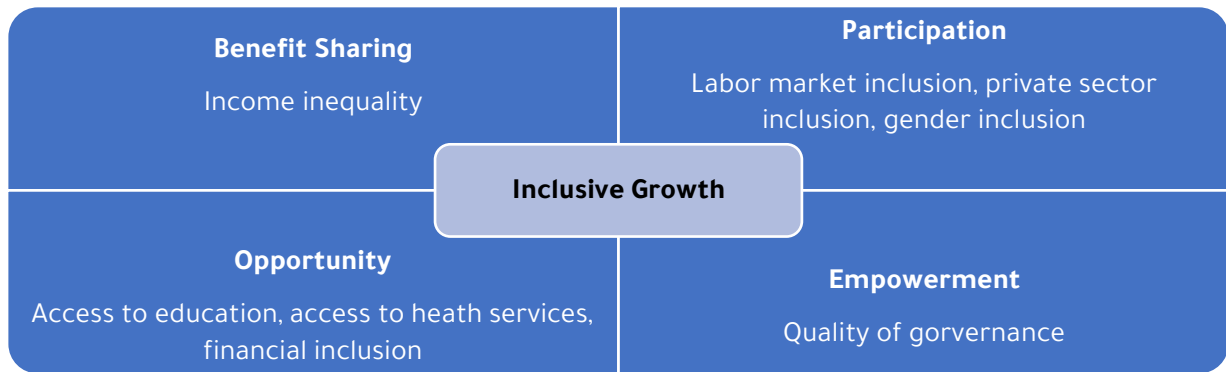
This “Knowledge is Power”, issued by the Jordan Strategy Forum (JSF), outlines the IMF’s framework for measuring inclusive growth, and highlights where Jordan stands on the regional index. Naturally, the implicit objective of this effort is to outline few recommendations that might improve Jordan’s inclusive growth.

2. Inclusive Growth: The Framework

The concept of inclusive growth is broad and goes beyond equality in income or in wealth. This is why the IMF’s framework defines inclusive growth in its broadest sense and includes four pillars:

1. **Benefit Sharing:** Equality in the distribution of the outcome of growth (income or wealth).
2. **Participation:** Equality in the opportunities to access basic social services (health care, education, and financial products and services).

Dimensions of Inclusive Growth / IMF



3. **Opportunity:** Equal possibility for all to participate in economic life, mainly by fulfilling their professional aspirations and having jobs that are commensurate to their education and talent.
4. **Empowerment:** Equal possibility for all to have their voice heard in society and politics.

To measure the extent to which growth is inclusive, the IMF constructs eight sub-indices that capture the key dimensions that underline the four pillars of inclusive growth. In addition, each of these sub-indices has its relevant measures.

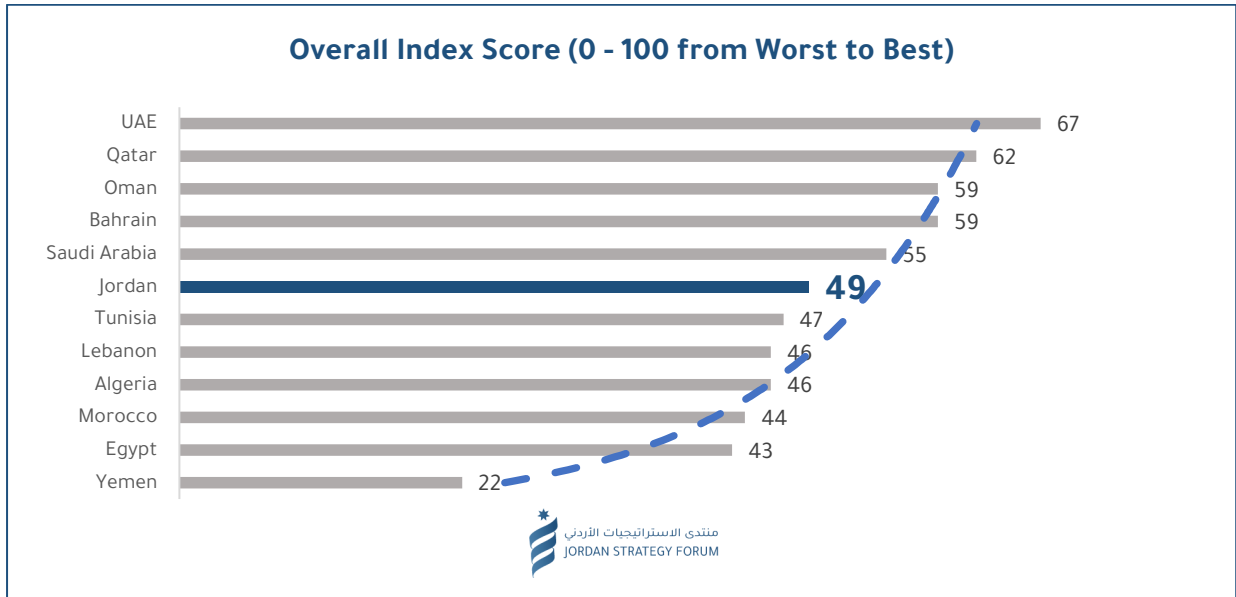
Indicators of Inclusive Growth

Main Dimension	Sub-Index
1. Benefit sharing	1. Income inequality
2. Opportunity	1. Access to Education
	2. Access to Health Services
	3. Financial Inclusion
3. Participation	1. Labor Market Inclusion
	2. Private Sector Inclusion
	3. Gender Inclusion
4. Empowerment	1. Quality of Governance

3. Inclusive Growth: Where Does Jordan Stand in the MENA Region

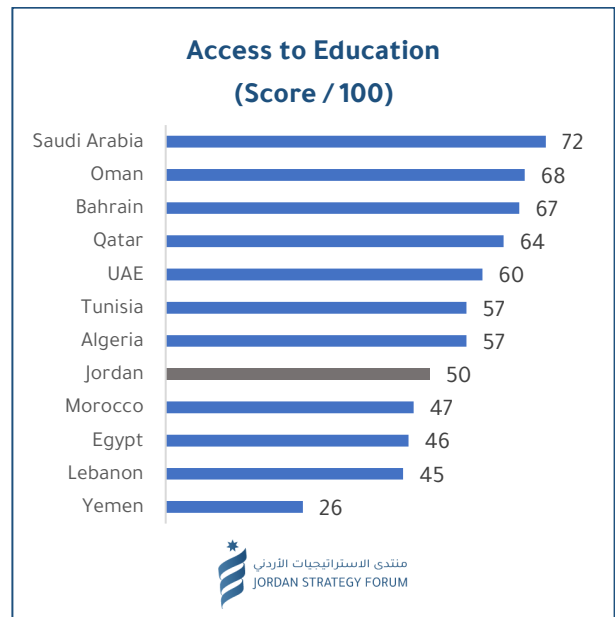
Below, we outline few observations about the scores and ranks of the Arab countries which are included in the inclusive growth index.

- A. With a score of 67, the United Arab Emirates (USE) tops the Arab countries. With a score of 49, Jordan comes in 6th among the Arab countries.



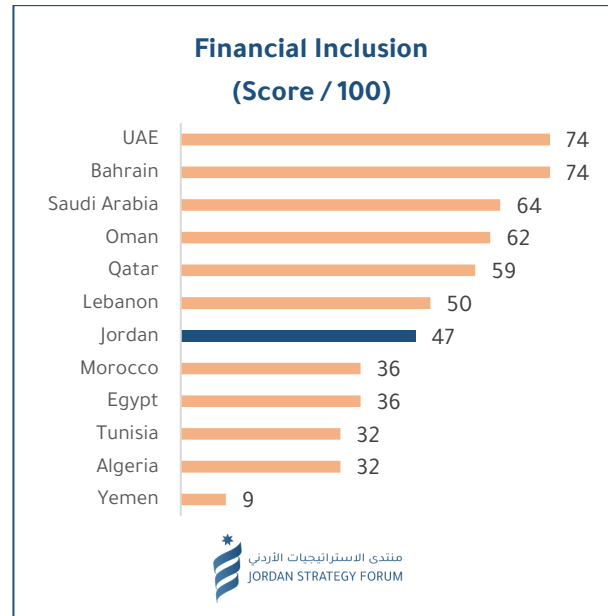
B. In income inequality, Jordan tops the Arab countries.

C. In access to education, Jordan comes in 8th.



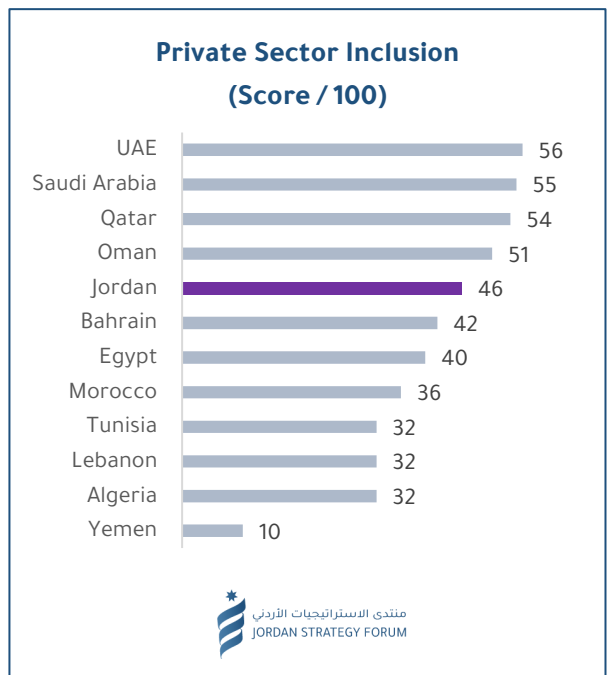
D. In access to health, Jordan comes in 8th.

E. In financial inclusion, Jordan comes in 7th.



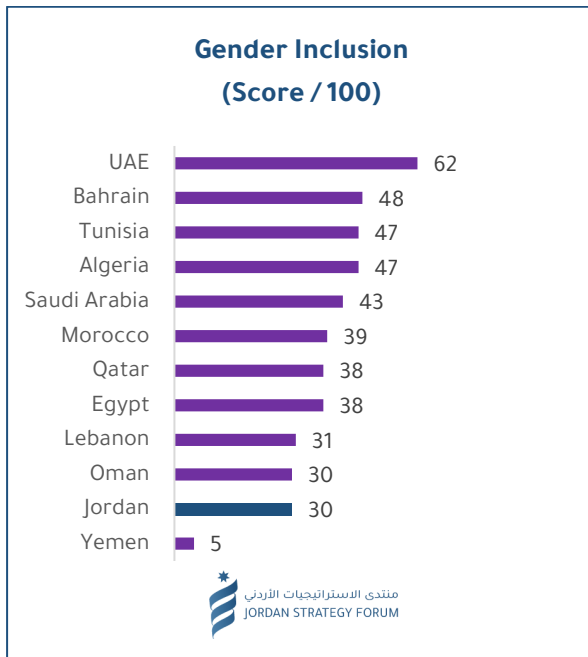
F. In labor market inclusion, Jordan comes in 7th.

G. In private sector participation, Jordan comes in 5th.

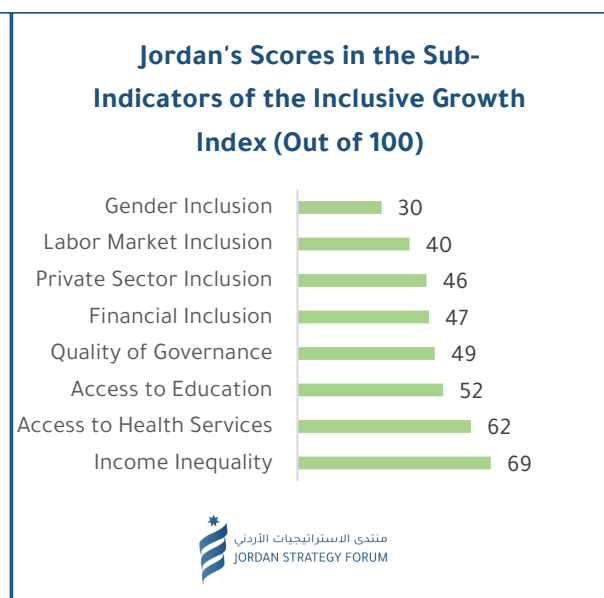


H. In gender inclusion, Jordan comes in 11th.

I. In quality of governance, Jordan comes in 4th.



In a Nutshell, in the overall inclusive growth index, Jordan's score which is equal to 49, is much lower than those for the UAE (67), Qatar (62), Oman (59), Bahrain (59), and Saudi Arabia (55). Moreover, a look at the sub-indices, one can see that Jordan's rankings are particularly weak in gender inclusion (11th), access to health services (8th), access to education (8th), labor market inclusion (7th), and financial inclusion (7th). Within this context, it is worth looking at the indicators in which Jordan score poorly. Naturally, such indicators should be improved to inclusive growth in the country.



In gender inclusion, the ratio of female employment to population rate to that of male should be improved. After all, the female participation rate in Jordan is exceptionally low. In addition, the ratio of female having an account at a financial institution to that of male should be increased. Moreover, the percentage of parliamentary seats held by women should be increased. Finally, relevant

stakeholder in Jordan should look at the indicators which are used in measuring the Women, Business, and the Law Index. This index is composed of eight indicators structured around women's "interactions with the law as they begin, progress through, and end their careers".

The Gender Inclusion Sub-Index	
Indicators	Score
Employment gender gap	13
Secondary school enrollment, gender gap	60
Account at a financial institution, gender gap	30
Proportion of seats held by women in national parliament	18
Women, Business, and the Law Index	27

In access to health services, the number of hospital beds per 1,000 people should be increased.

The Access to Health Services Sub-Index	
Indicators	Score
Healthy life expectancy at birth	69
Mortality rate, under 5	88
Universal Health Care (UHC) service coverage index	79
Hospital beds per 1,000 people	11

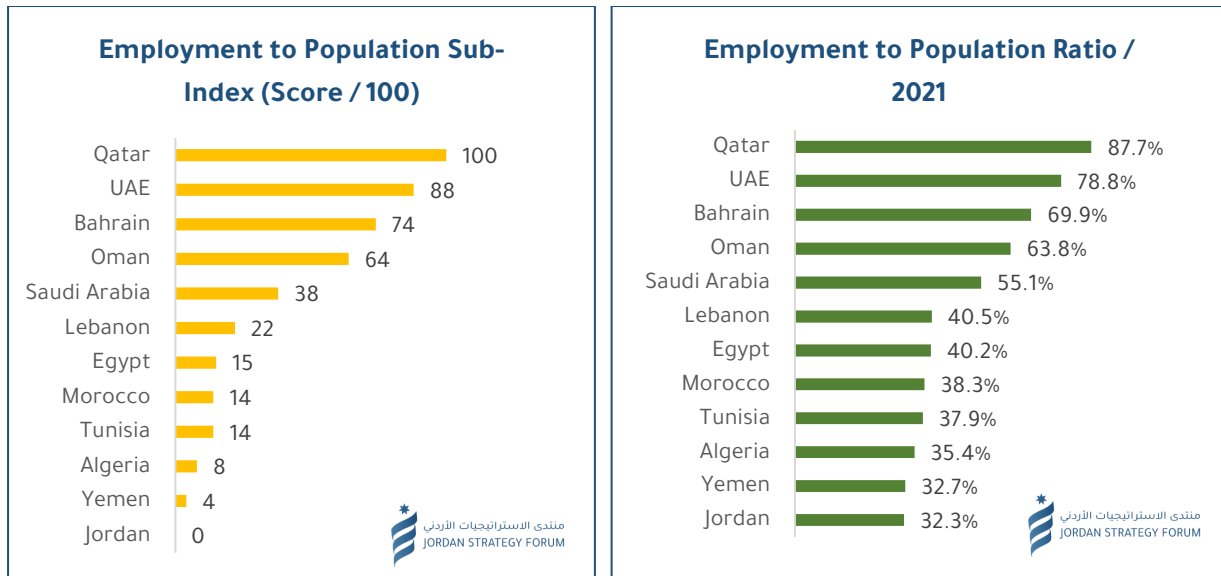
In access to education, secondary school enrollment should be increased. In addition, while the quality of vocational training needs improving, the number of school life should be increased.

The Access to Education Sub-Index	
Indicators	Score
Secondary School Enrollment	33
Pupil-to-teacher ratio in primary school	80
Quality of vocational training	42
School life expectancy	47

In labor market inclusion, youth unemployment should be decreased. In addition, the ratio of employment to population should be increased. Finally, the extent to which labor market policies help unemployed people to reskill and find new employment should be improved.

The Labor Market Inclusion Sub-Index	
Indicators	Score
Youth unemployment	35
Employment to population	0
Self-employed	85
Active labor market policies	40

Within the same context of the above, it is unfortunate to note that Jordan witnesses a very low employment to population ratio relative to the countries in the region (ILO Database). Indeed, with a ratio of 32.3%, Jordan comes last among all Arab countries.



In financial inclusion, the percentage of Jordanians who report having an account (by themselves or together with someone else) at a bank or another type of financial institution should be increased.

The Financial Inclusion Sub-Index

Indicators	Score
Account at a financial institution, poorest 40 percent	32
Borrowed from a financial institution, poorest 40 percent	45
Percent using internet	66

To Sum Up, one can argue that making growth more inclusive is a moral and ethical imperative. However, there is a “consensus that improving inclusiveness in its various dimensions could indeed allow an economy to tap into its full growth potential, achieve an efficient allocation of resources, and strengthen its resilience to shocks” (IMF). On the occasion of the “World Day of Social Justice”, the JSF urges all relevant stakeholders to take collective action in working towards achieving more inclusive growth.



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