THE COMMITMENT TO REDUCING INEQUALITY INDEX 2024

Anthony Kamande, Jo Walker,
Matthew Martin and Max Lawson

DFI Development Finance International

OXFAM

DEVELOPMENT FINANCE AND OXFAM REPORT OCTOBER 2024

Now in its fifth edition, the Commitment to Reducing Inequality Index (CRI) assesses the commitment of 164 countries and regions to fighting inequality. The CRI 2024 offers powerful new evidence on whether governments are acting to reduce inequality through policies on public services, fair taxation and labour rights. It reveals negative trends in the vast majority of countries since 2022. Four in five have cut the share of their budgets going to education, health and/or social protection; four in five have backtracked on progressive taxation; and nine in ten have regressed on labour rights and minimum wages. Nine out of ten countries have backtracked in one or more area, meaning without urgent policy actions to reverse this worrying trend, economic inequality will almost certainly continue to rise in 90% of countries.

Despite some progress, the IMF and the World Bank could do far more to prioritize the fight to reduce inequality. This report assesses their actions across the three CRI pillars of public services, taxation and labour rights. It makes recommendations for how the IMF and World Bank should stop promoting policies that increase inequality and instead support those policies that reduce it, as a matter of urgency.

Interactive users: Please click anywhere in the contents (pages 3 and 4) to go to the desired page. To return to the contents page, click on the top left green tab.

CONTENTS

ACKNOWLEDGEMENTS 5

EXECUTIVE SUMMARY 6
Commitment to Reducing Inequality Index 2024 results 7
Governments are increasing inequality 7
Top performers 8
Bottom performers 9
Performance across the three pillars 10
Pillar 1: Public services 10
Pillar 2: Tax progressivity falling 11
Pillar 3: Labour rights and wages 12
Inequality, the World Bank and the IMF 12
Policy recommendations 13

1 WORST RESULTS EVER FOR INEQUALITY 15
1.1 The Commitment to Reducing Inequality Index 15
1.1.1 Inequality is at an all-time high – and rising 16
1.1.2 Top performers in the CRI Index 2024 16
1.1.3 Bottom performers in the CRI Index 2024 17
1.2 The consequences of economic inequality 18
1.2.1 Poverty goals and planetary boundaries 18
1.2.2 Economic goals 18
1.2.3 Health, education and other social goals 19
1.2.4 Climate and other environmental goals 19
1.2.5 Political polarization and poor governance 19
1.2.6 Fuelling and feeding off other inequalities 19

2 THE WORLD BANK, THE IMF AND REDUCING INEQUALITY 20
2.1 The world bank and inequality 20
2.1.1 The World Bank must reverse dangerous deterioration in inequality data 20
2.1.2 The World Bank must take action on spending, tax and labour policies 21
2.2 The IMF and inequality 22
2.2.1 The IMF must stop support for austerity worldwide 23
2.2.2 The IMF should increase support for public services 23
2.2.3 The IMF must do more to support progressive taxation 24
2.2.4 The IMF must act on labour rights 24

3 FIGHTING INEQUALITY THROUGH PUBLIC SERVICES 25
3.1 Public services pillar: overall results 25
3.2. Public anti-inequality spending (Indicator PS1) 28
3.2.1 Education spending (Indicator PS1a) 29
3.2.2 Health spending (Indicator PS1b) 29
3.2.3 Social protection spending (Indicator PS1c) 30
3.3 Public services coverage (Indicator PS2) 30
3.3.1 Education coverage (Indicator PS2a) 30
3.3.2 Health coverage (Indicator PS2b) 31
3.3.3 Social protection coverage (Indicator PS2c) 31
3.4 Impact on inequality (Indicator PS3) 31

4 FIGHTING INEQUALITY THROUGH PROGRESSIVE TAXATION 34
4.1 Tax pillar: overall results 34
4.2 Tax system progressivity (Indicator T1) 35
4.2.1 Value added tax or general sales tax (Indicator T1a) 36
4.2.2 Personal income tax (Indicator T1a) 37
4.2.3 Corporate income tax (Indicator T1a) 38
4.2.4 Harmful tax practices (Indicator T1b) 38
4.3 Tax collection (Indicator T2) 39
4.4 Impact on inequality (Indicator T3) 39

5 FIGHTING INEQUALITY THROUGH LABOUR RIGHTS AND WAGES 42
5.1 Labour pillar: overall results 42
5.2 Labour policy (Indicator L1) 43
5.2.1 Labour rights (Indicator L1a) 44
5.2.2 Women's labour rights (Indicator L1b) 45
5.2.3 Minimum wage (Indicator L1c) 46
5.3 Labour rights coverage (Indicator L2) 47
5.3.1 Unemployment (Indicator L2a) 48
5.3.2 Vulnerable employment (Indicator L2b) 49
5.4 Impact of income on inequality (Indicator L3) 49

CONCLUSION AND RECOMMENDATIONS 51

ANNEXES 53
Annex 1: CRI Index global rankings 53
Annex 2: CRI Index regional rankings 57
Annex 3: CRI Index ranked by income group 62

NOTES 69

ACKNOWLEDGEMENTS

This report was written by Anthony Kamande, Jo Walker, Matthew Martin and Max Lawson. Contributions were received from Martin Brehm Christensen, Chiara Putaturo, Susan Ruiz, Christina Hallum, Nabil Abod, Kate Donaldson, Rebecca Shadwick, Leah Mugehera and Anjela Taneja.

In Development Finance International, Matthew Martin led the labour data compilation team and writing of the tax chapter. Jo Walker was the author of the public services chapter. David Waddock designed and implemented the overall database, and led the tax data compilation team. Maria Holloway led the public services data compilation team.

In Oxfam, Anthony Kamande was the project manager, author of the labour chapter, and lead author of the executive summary and the introductory chapter. Max Lawson led the writing of the inequality chapter. Chiara Putaturo and Martin-Brehm Christensen compiled the data on harmful tax practices. Jonas Gielfeldt was involved in checking the database. Nguyen Quang Thai provided research support. Vital contributions were made by many Oxfam affiliates and country offices, as well as sectoral lead experts within Oxfam, improving data quality with more recent data sources, as well as clarifying national policy trends.

The project was managed by Anthony Kamande, David Waddock, Grazielle Custódio, Ivan Nikolic, Jonas Gielfeldt, Kwesi Obeng, Francis Agbere, Maria Holloway, Matthew Martin, Max Lawson, Nabil Abdo, Romao Xavier and Sunil Acharya.

The Index was audited for statistical robustness by Panagiotis Ravanos, Oscar Smallenbroek and Jaime Lagüera González at the Competence Centre on Composite Indicators and Scoreboards, part of the European Commission Joint Research Centre. Their report can be found here.

Development Finance International and Oxfam are extremely grateful to the Open Society Foundation and Oxfam affiliates for financing the work.

EXECUTIVE SUMMARY

We are living through a time of extraordinary economic inequality. After gradually closing for decades, the gap between the Global South and the Global North has suddenly grown more rapidly than at any time since World War II. Billions of people face the terrible hardship of high and rising food prices and hunger, while the number of billionaires has doubled in the last decade. Inequality at the national level is either high or rising in 60% of the countries in which the IMF and World Bank are operating.

The Commitment to Reducing Inequality (CRI) Index 2024 offers powerful new, up-to-date evidence of this deeply concerning trend. Reviewing the actions of 164 governments across three areas critical to reducing inequality – social services, taxation and work – for the first time since the CRI began in 2017, we identify strongly negative trends for the overwhelming majority of countries. Combining data from these three pillars, at least **nine out of ten countries are implementing policies and actions likely to increase economic inequality**.

FIGURE 01 NINE OUT OF TEN COUNTRIES ARE IMPLEMENTING POLICIES LIKELY TO INCREASE ECONOMIC INEQUALITY

COMMITMENT TO REDUCING INEQUALITY INDEX 2024 RESULTS

The CRI 2024 Index measures the commitment of 164 countries and regions to reducing inequality. It assesses their performance across the three pillars of public services (education, health and social protection); progressive taxation; and labour rights and wages (see **Figure 02**). The methodology and the 2024 database can be accessed at www.inequalityindex.org. The statistical audit can be found here.[1]

FIGURE 02 STRUCTURE OF THE CRI INDEX

	PUBLIC SERVICES SPENDING	TAX PROGRESSIVITY	LABOUR RIGHTS AND WAGES
Policy indicators	• **PS1a** Education • **PS1b** Health • **PS1c** Social protection	• **T1a** Personal income tax • **T1a** Corporate income tax • **T1a** Value added tax • **T1b** Harmful tax practices	• **L1a** Labour rights • **L1b** Women's labour rights • **L1c** Minimum wage
	Spending as % of total budget	Progressive tax structures	Governments' efforts to protect workers in law and practice
Implementation or coverage indicators	• **PS2a** Secondary education completion by poorest quintile • **PS2b** Universal health coverage and out-of - pocket expenditure • **PS2c** Pension coverage	• **T2** Tax productivity across VAT, PIT & CIT	• **L2a** Unemployment • **L2b** Vulnerable employment
Impact indicators	• **PS3** Impact of spending on inequality (Gini)	• **T3** Impact of tax on inequality (Gini)	• **L3** Impact of labour income (wage) on inequality (Gini)
Total CRI score	Average of 3 pillar scores		

Note: VAT=value added tax, PIT=personal income tax and CIT=corporate income tax.

GOVERNMENTS ARE INCREASING INEQUALITY

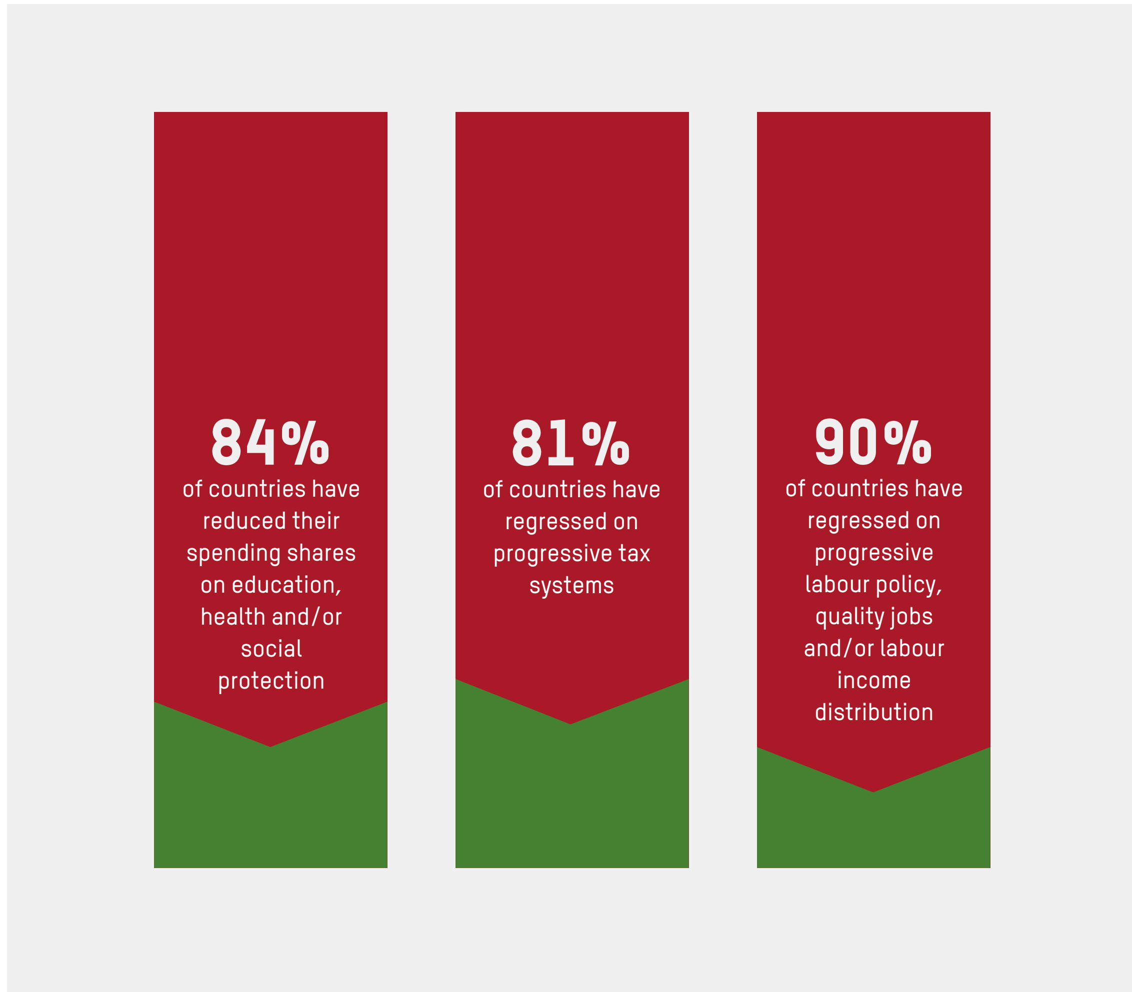
In recent years, especially during the COVID-19 pandemic, data availability on inequality at national level has worsened dramatically, from an already low level. For 28 countries, the most recent estimate of income inequality is over a decade old. For all countries, household surveys, which structurally underestimate the incomes of the richest, and therefore inequality, remain the main source of inequality data.

The CRI, with its focus on work, public spending and taxation, offers a unique way of compensating for this major gap in recent high-quality inequality data.

Looking across the three pillars, it shows that 84% of countries have reduced their spending on education, health and/or social protection (see Chapter 2). Progressive taxation, tax collection and their impact on inequality has regressed in 81% of countries (see Chapter 3). Labour rights, minimum wages, vulnerable employment and/or labour income inequality have worsened in 90% of countries (see Chapter 4).

When combined, we find that this means nine out of ten countries are implementing policies and actions that are highly likely to increase economic inequality.

FIGURE 03 REDUCED SPENDING ON EDUCATION, HEALTH AND/OR SOCIAL PROTECTION.



TOP PERFORMERS

As in previous editions, the top performers in this CRI are all high-income OECD countries led by Norway (see **Table 02**). Due to their labour policies, these countries start from much lower wage inequality. They have high social spending and collect more tax revenue, allowing widespread coverage of public services and the greatest impact on inequality.

However, even these top performers are lagging in many indicators. For example:

An average of 5% of their citizens face catastrophic out-of-pocket healthcare costs.

Many have less progressive tax policies than they should. For instance, many do not have measures to make very high value added tax (VAT) less regressive, while corporate income tax (CIT) rates are generally low, except in Japan. High earners also pay a lower effective tax rate than most other citizens: in Denmark, the effective tax rate paid by the richest 1% has fallen by five percentage points over the last two decades.

Coming third overall, Australia scores poorly on labour rights. It has very short fully paid parental leave, currently 11 weeks.

TABLE 02 TOP AND BOTTOM 10 COUNTRIES IN THE CRI 2024 INDEX

TOP AND BOTTOM TEN COUNTRIES IN THE CRI 2024 INDEX			
Top ten		Bottom ten	
Rank	**Country**	**Rank**	**Country**
1	Norway	164	South Sudan
2	Canada	163	Nigeria
3	Australia	162	Vanuatu
4	Germany	161	Haiti
5	Finland	160	Zimbabwe
6	Denmark	159	Uganda
7	Austria	158	Central African Republic
8	Japan	157	Liberia
9	Slovenia	156	Sierra Leone
10	France	155	Burundi

Belarus, Costa Rica and **South Africa** are at the best-performing of the low- and middle-income countries, coming in at positions 31,32 and 33, respectively. They have relatively higher social spending, service coverage and tax collection than their peers, but perform poorly on many other indicators.

BOTTOM PERFORMERS

The bottom performers are low- and lower middle-income countries (see **Table 02**), all in sub-Saharan Africa, except **Haiti** and **Vanuatu**. They have very low social spending due to low tax revenues, which results in poor service coverage and limited impact on inequality. They also have extremely high levels of catastrophic out-of-pocket health spending. As a result, millions of children are out of school, and tens of thousands of women are dying from preventable deaths as they cannot access basic healthcare.

Their tax policies are also highly regressive, as the poorest people shoulder most of the tax burden through sales taxes such as VAT. Their performance on labour rights and minimum wages is poor, leaving 80% of citizens in vulnerable employment with no rights.

The debt crisis, conflict and climate shocks are severely constraining spending in low- and lower middle-income countries. On average, they are spending 48% of their budgets on debt service. Some six of the bottom ten countries are in or at high risk of debt distress.

Nonetheless, some countries at the bottom of the rankings perform well on some indicators. For example, the **Central African Republic** has the second most progressive tax policy on paper, **Uganda** increased its health budget by 29% since 2021, and **Vanuatu** increased its minimum wage by over 50%.

BOX 01 RISERS AND FALLERS BETWEEN CRI 2022 AND 2024

Compared to CRI 2022, a few countries have shown some significant improvement across the three pillars, indicating growing commitment to reducing inequality. Others have regressed significantly.

IMPROVERS

- Due to policies initiated under the civilian administration, **Burkina Faso** has shown significant progress by increasing its minimum wage for the first time in a decade, and made VAT more progressive by introducing a higher threshold.
- **Croatia** has boosted its health spending and is ensuring that essential healthcare is more accessible to its citizens, and has reduced the rate of unemployment.
- Under the previous government, **Ecuador** boosted its public spending by a third, raised the top personal income tax (PIT) rate by two percentage points, and reduced the unemployment rate by 90%.
- **Paraguay** increased its health budget by two thirds and health coverage by 18%. It also nearly doubled its minimum wage, and cut vulnerable employment and unemployment.

FALLERS

- **Argentina** is facing significant challenges since a new government came into power. The health and education sectors have faced dramatic budget cuts of 76% and 60%, respectively, the wealth tax is being phased out and labour rights are being gutted.
- **Pakistan** cut education and social protection budget shares by a third due to a debt crisis and IMF-imposed austerity measures.

PERFORMANCE ACROSS THE THREE PILLARS

PILLAR 1: PUBLIC SERVICES

Since the last Index in 2022, the global polycrisis and conflict have exacerbated the debt crisis and inflation, straining most countries' public finances and leading to pressure to enact extreme austerity measures. This has led to cuts in spending and coverage for education, health and social protection.

At the top of the Public Services pillar overall are high-income OECD countries with more tax revenues to invest in public social services, which play a key role in reducing inequality. At the bottom are low- and lower middle-income countries, most of which are fragile or conflict-affected, with low social spending, poor coverage and thus much less impact by public services on inequality.

Budget cuts in the majority of countries

On average, compared to the 2022 CRI, total spending across the three sectors largely stagnated at 43.4% of total expenditure. However, compared to the 2022 figures:

- Education budgets were cut in 56% of countries;
- Health budgets were cut in 43% of countries; and
- Social protection budgets were cut in 46% of countries, and stayed the same in 26%.

The ten biggest fallers on spending all had a debt service burden that exceeded 20% of total expenditure in 2023, with the exception of Ukraine, where the war with Russia has taken a heavy toll on public spending. Our analysis shows that there is a strong correlation between debt servicing and cut in public spending.

Other countries bucked this worrying trend, including **Ecuador** and **Chile**, the latter having dramatically increased healthcare spending as part of a policy of establishing quality primary care services.

Coverage stagnating

With only six years until the 2030 deadline for the Sustainable Development Goals (SDGs), the proportion of the population getting access to free education, healthcare and social protection is stagnating. The secondary school completion rate for young people from the poorest 20% of households is less than 1% in more than 13 countries; a further 45 have a completion rate below 10%.

Universal health coverage averages only 65%, up only marginally from 64% in the 2022 CRI. In a quarter of countries, more than half of citizens remain uncovered. The proportion paying catastrophic health costs out of their own pockets has increased slightly since 2022, to 8.6% on average.

Pensions coverage has stagnated at 59% on average. Some 41 (mostly high-income) countries have universal coverage. On the other hand, less than 10% are covered in 26 countries.

Impact of public services on inequality

Public services are reducing inequality in every country in the CRI, but by widely varying degrees. The majority of the best performers are high- and upper middle-income countries, while most lower-income countries see much lower impact, largely due to low spending. Overall, since the 2022 CRI, the average impact of public services on inequality has fallen from 0.19 Gini points to only 0.16, with the impact on inequality increasing in only 52 countries.

PILLAR 2: TAX PROGRESSIVITY FALLING

Overall, tax policies have been becoming more regressive. While tax collection has increased since the COVID-19 pandemic, this is largely due to growth in sales tax/VAT receipts, exacerbating inequality. There is an urgent need to accelerate global and national tax reforms in ways which generate not just more tax revenue, but in more progressive ways, especially in the countries of the Global South. The rich – who in many instances pay a lower share of their income than other citizens – must be required to pay a bigger share of their income and wealth in tax.

The list of the 2024 CRI best performers continues to be dominated by lower-income countries that have not cut income taxes like richer countries. As in previous CRI editions, the worst performers are those with virtually no progressivity in their tax systems, i.e., high VAT rates with no pro-poor exemptions, and very low and/or 'flat' income tax rates that do not rise with income.

Tax systems on paper are becoming more regressive

The average VAT rate (adjusting for food exemptions and registration thresholds) has risen from 7.9% to 8.2%, reversing slight falls in earlier CRI editions, with 15 countries increasing their 'adjusted' VAT rate due mainly to the elimination of food exemptions, and 9 reducing it. Only 37 countries make the maximum effort to make VAT have a 'neutral' effect on inequality, by exempting food and setting high thresholds.

PIT rates have on average regressed since the last CRI. Some twenty countries continue to have either no PIT (almost all in the Gulf States) or flat taxes (almost all in Eastern Europe and the former Soviet Union). CIT rates have stagnated at 23.3% since the 2022 CRI. Only 13 countries have CIT rates above 30%, while 12 have rates below 15%. **Colombia's** current government increased its CIT rate in 2022, but ten countries cut theirs.

Tax collection increasing – but from regressive sales taxes

The CRI uses tax productivity (tax collected compared to potential receipts) to measure the success of tax collection. Since CRI 2022, productivity has increased from 36% to 39% on average. However, this mostly reflects increases in VAT collection (due to the elimination of exemptions). The worst performing countries on tax productivity have been embroiled in conflict or are highly dependent on oil revenues.

Tax systems are having less impact on inequality

As measured by impact on the Gini coefficient, there has been a dramatic increase in the regressivity of the tax system since CRI 2022 – mainly because much more VAT is being collected. The average unweighted impact of the tax system on increasing inequality has doubled, raising inequality by 0.6% on average, compared with 0.3% in CRI 2022.

PILLAR 3: LABOUR RIGHTS AND WAGES

Across almost all indicators in this pillar, the situation has stagnated or worsened in a majority of countries since 2022.

Backpedalling on labour policies in law and practice

Labour rights and unionization in law and practice regressed in 41% of countries compared to the 2022 CRI. The most severe setbacks have been observed in **Afghanistan, Jordan, Zimbabwe** and **Bangladesh**. However, some countries bucked the trend. **South Korea** improved the most, as it ratified two important International Labour Organization (ILO) conventions.

In terms of women's labour rights, Sierra Leone in particular has beefed up laws on equal pay and non-discrimination in hiring.

The average length of paid parental leave remained unchanged at 158 days, but only one in five countries meet the 18 weeks of paid leave recommended by the ILO. Four countries (**The United States, Papua New Guinea, Lesotho** and **Tonga**) still have no paid parental leave.

Minimum wages fell or stagnated as a share of per capita GDP in almost half of countries compared to CRI 2022. Several countries increased their minimum wage, notably Vanuatu, Türkiye and Niger, but 16 countries have either no national minimum wage or have not updated it for more than two decades.

Vulnerable employment increasing in the world's most populous countries

Compared to the CRI 2022, vulnerable employment increased in 60% of countries, including many of the most populous countries in sub-Saharan Africa and Asia. Globally, half of the labour force is in vulnerable employment, i.e., they have no labour rights.

Inequality in labour income is increasing

As a result of these backward policy steps, wage inequality worsened in 53% of countries, most notably in **Zambia**. Overall, about 70 of countries have a labour income Gini of 0.4 or higher, and only 12 are below 0.3. Sub-Saharan Africa has the widest gap, reflecting high levels of vulnerable employment. Indeed, the 20 countries with the highest Gini of labour income are all in sub-Saharan Africa, where the top 10% of wage earners gobble up two thirds of all labour income, while the bottom 50% takes just 3.3%. This shows that governments need to put much more emphasis on anti-inequality labour policies, instead of just relying on fiscal policies.

INEQUALITY, THE WORLD BANK AND THE IMF

The high and persistent levels of inequality found in the majority of countries undermine the economic, social, environmental and institutional goals of the World Bank, the IMF and the UN.

The CRI 2024 shows that countries with World Bank and IMF programmes are implementing regressive policies and actions that could widen inequality:

- 94% of the countries with World Bank programmes cut the budget shares allocated to education, health and/or social protection since the last CRI in 2022. Among International Development Association countries – the world's poorest – 95% did so.
- 95% of countries under IMF programmes cut budget shares for education, health and/or social protection.

In 2023, the World Bank introduced a new 'vision indicator' – focused on reducing the numbers of countries with high inequality (Gini of 0.4 or above), for the first time in its 80-year history. The UN is currently considering adding the Palma ratio to its inequality indicators under SDG10.

Yet despite these positive developments, we find that the World Bank and the IMF are still pursuing policies that all too often increase rather than reduce inequality. Both institutions can and should do far more to prioritize closing the divide.

The World Bank needs to promote free public social services, expand its work on progressive taxation, and take a proactive role in enhancing labour rights and minimum wages.

After a promising start in 2015–22 involving many studies, speeches and country papers defining and recommending anti-inequality policies, the IMF's focus on reducing inequality appears to be receding. Its social spending floors are proving inadequate; it has been emphasizing regressive VAT increases and has no consistent policies on labour rights or minimum wages.

Both institutions need to do much more to help all of their member states reduce inequality to the level (a Gini of 0.3) at which it no longer undermines growth. This needs to be accompanied by global action to address the debt crisis and climate threats, end conflicts and reach global agreements on taxing the rich more effectively to fund public services.

POLICY RECOMMENDATIONS

Inequality is not inevitable. It is a policy choice. Each country has the potential to reduce inequality. However, to succeed, countries will also need strong measures to be taken by the international community.

It is encouraging that inequality is now being better measured and mainstreamed by international organizations, with a new World Bank inequality indicator and potentially a new inequality indicator within SDG10. But both the IMF and World Bank (and the broader international community) need to step up their efforts to support countries in implementing policies that reduce inequality sharply.

As **priorities for governments**, we recommend the following, tailored to each country's existing achievements and level of development:

1. Develop clear national timebound plans to reduce inequality. All countries should put in place realistic and timebound National Inequality Reduction Plans (NIRPs) to reduce inequality, with regular monitoring to check their progress. Every country should be aiming for an income Gini coefficient of less than 0.3 and/or a Palma ratio of no more than 1. The NIRPs would contain the combination of policies identified in this index (as well as, for example, other structural policies on access to land and finance) that are estimated to reduce Gini and Palma to these levels. The impact of policies on these indicators will also need to be monitored annually (rather than every 3–5 years as currently) in lower-income countries through smaller sample surveys and modelling of the type used in OECD and UN Economic Commission for Latin America and the Caribbean countries.

2. Prioritize public spending on essential public services such as education, healthcare and social protection. All countries, particularly low- and lower middle-income countries, should ensure that their health budget is at least 15% of total public expenditure and education 20% – and that this spending benefits the poorest people by improving access to and quality of education, health and social protection, so that they maximize progress to universal coverage targeted by the SDGs.

3. Increase progressive taxation by taxing the income of the richest 1%, for example to a minimum of 60% of their income from both labour and capital, with higher rates for multi-millionaires and billionaires. The wealth of the super-rich should be taxed at rates high enough to reduce the concentration of extreme wealth, reduce inequality and lower power concentration. In addition, tax authorities, especially in low- and lower middle-income countries, should be strengthened, and establish high-net-wealth tax units to combat tax evasion and avoidance among the richest people.

4. Intervene in the labour market to protect all workers. All countries need to place even more emphasis on reducing the inequality produced by the labour markets by ratifying and enforcing all ILO standards to minimize violations. A few countries also need to introduce laws for anti-discrimination and equal pay, and against rape and sexual harassment. However, the main challenge now is to enforce these laws effectively. Parental leave needs to be lengthened and paid at 100% of prior earnings, as well as more evenly distributed between women and men. Minimum wages need to rise sharply in many countries, to at least match per capita GDP and 'living wages', which cover basic spending needs. Youth minimum wages that are lower than the national minimum wage should be eliminated. Governments should also explore measures to restrain the highest pay, such as caps on CEO-to-median workers' pay ratios of 20:1, and equitable distributions of companies' profits to workers and shareholders. Finally, they need to work harder to bring down unemployment and underemployment, and to ensure that vulnerable workers receive formal contracts or are covered by labour rights and social protection systems.

5. Develop gender-responsive policies to recognize, reduce and redistribute unpaid care work and ensure that paid care workers are represented and rewarded justly. The public nature of care services needs to be clearly stated, i.e., the duty of the state as the primary provider of public care services. Care systems have the power to transform gender relations and women's lives: this includes the provision of fully paid parental, maternity and paternity leave. Redistribution of care work between men, women and the state is needed to reduce the care workload on women. This is in addition to challenging harmful social norms and racist, colonial and sexist beliefs that care work is the responsibility of women, girls, migrants and racialized communities.

As urgent **priorities for the international community, especially the World Bank and the IMF**, to help reduce inequality, we make the following recommendations:

6. Focus World Bank and IMF efforts on reducing inequality. Both the World Bank and the IMF should support country-owned governments' NIRPs and not undermine them. Country Partnership Assessments should clearly align with NIRPs. The World Bank and the IMF need to put reducing inequality at the centre of their efforts to promote growth, stability and development. This means prioritizing reducing inequality in all their loan programmes, policy advice, technical assistance and research – and making strong recommendations for higher and more pro-poor social spending, progressive taxation, and enhanced labour rights and minimum wages. Ideally, they should focus on increasing the number of countries with low inequality, rather than only reducing the number of countries with high inequality.

7. Working with the UN, the World Bank should systematically produce, publish and use data on the impact of fiscal action on inequality. The World Bank has a particular role to play, as one of the leading global actors supporting household surveys, and as the 'custodian' of the largest global inequality databank and of SDG indicators 10.1 and 10.4.2. It needs to produce more frequent and higher-quality data on inequality, including enhancing analysis of top incomes in developing countries using administrative tax data and other methods. The Bank should also help countries to move to annual tracking or modelling of inequality. It also needs to scale up its programme analysing the impact of fiscal policies on inequality to produce annual analysis for all member countries, and work with the ILO to establish a similar system to estimate the impact of labour market policies on wage inequality.

8. Reach and implement global agreements to tax super-rich individuals and corporations. The G20 and UN need to work further on developing better international standards to tax super-rich individuals and multinationals more effectively, through minimum effective tax rates on their income and wealth, and with a fair share of the resulting revenues coming to lower-income countries. In particular, they should build on initial progress on taxing rich individuals in the G20, and use the UN Tax Convention to strengthen and reform the inadequate OECD BEPS process.

9. Take urgent measures to tackle the debt crisis and increase concessional financing flows. The current crisis is mainly one of high debt service rather than stock, and for countries which have been accessing global and national commercial bond markets. The international community led by the G20, IMF, the World Bank and the UN need to take urgent measures to reduce debt service burdens by bringing down global interest rates, reducing borrowing costs for middle-income countries that have to go to the markets to fund their budgets, and providing long-term rescheduling or cancellation for lower-income countries. They also need to redouble efforts to provide more concessional financing, including through higher official development assistance and South-South cooperation, new issuances of Special Drawing Rights and by selling IMF gold. All these measures will help to free the maximum funds through to 2035 and to maximize anti-inequality spending on public services.

If the world's governments, supported by the international community, are able to implement these measures urgently, then we can accelerate progress in overcoming the inequality crisis, reducing conflict and reaching all the other SDGs.

1 WORST RESULTS EVER FOR INEQUALITY

This chapter explains the deeply concerning results of the CRI 2024, which shows inequality is likely to rise in nine out of ten countries. It explains why reducing inequality matters.

We are living through a time of extraordinarily high economic inequality. Extreme poverty and extreme wealth have risen sharply and simultaneously for the first time in 25 years.[2] After gradually closing for decades, the gap between the Global South and the Global North has suddenly grown more rapidly than at any time since World War II.[3] Billions of people face the terrible hardship of high and rising food prices and hunger, while the number of billionaires has doubled in the last decade.[4]

1.1 THE COMMITMENT TO REDUCING INEQUALITY INDEX

The Commitment to Reducing Inequality (CRI) Index 2024 measures 164 countries' commitment to reducing inequality. It assesses their performance across the three pillars of public services (education, health and social protection); progressive taxation and labour rights; and wages (see **Figure 1).** The methodology and the 2024 database can be accessed at www.inequalityindex.org. The statistical audit can be found here.[5]

FIGURE 1 STRUCTURE OF THE CRI INDEX

	PUBLIC SERVICES SPENDING	TAX PROGRESSIVITY	LABOUR RIGHTS AND WAGES
Policy indicators	• **PS1a** Education • **PS1b** Health • **PS1c** Social protection	• **T1a** Personal income tax • **T1a** Corporate income tax • **T1a** Value added tax • **T1b**-Harmful tax practices	• **L1a** Labour rights • **L1b** Women's labour rights • **L1c** Minimum wage
	Spending as % of total budget	Progressive tax structures	Governments' efforts to protect workers in law and practice
Implementation or coverage indicators	• **PS2a** Secondary education completion by poorest quintile • **PS2b** Universal health coverage and out-of -pocket expenditure • **PS2c** Pension coverage	• **T2** Tax productivity across VAT, PIT & CIT	• **L2a** Unemployment • **L2b** Vulnerable employment
Impact indicators	• **PS3** Impact of spending on inequality (Gini)	• **T3** Impact of tax on inequality (Gini)	• **L3** Impact of labour income (wage) on inequality (Gini)
Total CRI score	Average of 3 pillar scores		

Note: Value added tax (VAT), personal income tax (PIT) and corporate income tax (CIT).

1.1.1 INEQUALITY IS AT AN ALL-TIME HIGH – AND RISING

The data collected for the Commitment to Reducing Inequality (CRI) Index in 2024 shows a deeply concerning new trend. Where previous editions of the CRI showed a range of negative and positive actions by different countries, this year is overwhelmingly negative across all three pillars.

In recent years, especially during the COVID-19 pandemic, data availability on inequality at national level has worsened dramatically, from an already low level. For 25 countries, the most recent estimate of income inequality is over a decade old.[6] For all countries, household surveys, which structurally underestimate the incomes of the richest,[7] and therefore inequality, remain the main source of inequality data.

The CRI, with its focus on work, public spending and taxation, offers a unique way of compensating for this major gap of high-quality inequality data.

Looking across the three pillars, it shows that 84% of countries have reduced their spending on education, health and/or social protection (see Chapter 3). Progressive taxation, tax collection and its impact on inequality has regressed in 81% of countries (see Chapter 4). Labour rights, minimum wage, vulnerable employment and/or labour income inequality have worsened in 90% of countries (see Chapter 5).

When combined, we find that nine out of ten countries are implementing policies and actions that are highly likely to increase economic inequality.

1.1.2 TOP PERFORMERS IN THE CRI INDEX 2024

As in previous editions, the top performers in this CRI are all high-income OECD countries led by **Norway** (see **Table 1**). These countries have high social spending, collect more tax revenue, allowing widespread coverage for public services and the greatest impact on inequality. They also score relatively well on labour rights.

However, even these top performers are lagging in many indicators. A sizeable share of their populations (5% on average) face catastrophic out-of-pocket healthcare costs.

TABLE 1 TOP AND BOTTOM 10 COUNTRIES IN THE CRI 2024 INDEX

TOP AND BOTTOM TEN COUNTRIES IN THE CRI 2024 INDEX			
Top ten		Bottom ten	
Rank	**Country**	**Rank**	**Country**
1	Norway	164	South Sudan
2	Canada	163	Nigeria
3	Australia	162	Vanuatu
4	Germany	161	Haiti
5	Finland	160	Zimbabwe
6	Denmark	159	Uganda
7	Austria	158	Central African Republic
8	Japan	157	Liberia
9	Slovenia	156	Sierra Leone
10	France	155	Burundi

Even the CRI's top 10 has regressive tax policies. Many countries do not have measures to make value added tax (VAT) less regressive, while corporate income tax (CIT) rates are generally low, except in **Japan.** In **Norway** and **Denmark,** the CIT rate is just 22% and VAT rates are not only very high, but basic food items are not exempted, and the VAT registration threshold for small businesses is too low. This results in higher prices of goods for low-income earners who depend on small businesses.

The effectiveness of tax collection has little impact on inequality among the best-performing countries, reflecting how high-income earners increasingly pay less tax at the expense of everyone else. Indeed, in **Denmark**, the effective tax rate paid by the richest 1% on their income has fallen by five percentage points over the last two decades, while the tax rate on ordinary citizens has remained stable.[8]

Coming third overall, **Australia** scores poorly on labour rights. It has very short fully paid parental leave, currently at 11 weeks.[9]

Belarus, Costa Rica and **South Africa** are the best-performing of the low- and middle-income countries, coming in at positions 31,32 and 33, respectively. They have relatively higher social spending and service coverage compared to their peers, but they perform poorly on many other indicators.

1.1.3 BOTTOM PERFORMERS IN THE CRI INDEX 2024

The bottom performers are low- and lower middle-income countries (see **Table 1**), all in **sub-Saharan Africa,** except **Haiti** and **Vanuatu.**

They have very low social spending due to low tax revenues, which result in poor service coverage and limited impact on inequality. They also have extremely high levels of catastrophic out-of-pocket health spending. Their tax policies are highly regressive, as the poorest people shoulder most of the tax burden through indirect sales taxes such as VAT.

The debt crisis and other shocks, including climate change, severely hamstring these countries' social spending. Six of the bottom performers are in a high level of debt distress, while three are at a moderate level of distress, according to the latest debt sustainability analysis by the IMF and the World Bank.[10] Low spending and poor service coverage are having a dire impact on children, women and older people from low-income households. Millions of children are out of school, and tens of thousands of women are dying from preventable deaths as they cannot access basic healthcare.

In addition, rates of vulnerable employment above 80% in many countries are having a serious impact on people in low-income households, many of whom are going to bed hungry amid rising food prices.

Nonetheless, some of the countries towards the bottom of the rankings perform well on some indicators. For example, the **Central Africa Republic** has the second most progressive tax policy on paper in this edition, while **Burundi** and **Uganda** come in at 26th and 29th, respectively. **Uganda** increased its health budget by 29% since the CRI 2022, while **Vanuatu** increased its minimum wage by more than a half. **Nigeria** increased its health budget since the CRI 2022 albeit from very low levels, and also increased its minimum wage in mid-2024 by 133%.

BOX 1 RISERS AND FALLERS BETWEEN CRI 2022 AND 2024

Compared to CRI 2022, a few countries have shown some significant improvement across the three pillars, indicating growing commitment to reducing inequality. Others have regressed significantly.

IMPROVERS

- Due to policies initiated under the civilian administration, **Burkina Faso** has shown significant progress by increasing its minimum wage for the first time in a decade, and made VAT more progressive by introducing a higher threshold.
- **Croatia** has boosted its health spending and is ensuring that essential healthcare is more accessible to its citizens, and has reduced the rate of unemployment.
- Under the previous government, **Ecuador** boosted its public spending by a third, raised the top personal income tax (PIT) rate by two percentage points, and reduced the unemployment rate by 90%.
- **Paraguay** increased its health budget by two thirds and health coverage by 18%. It also nearly doubled its minimum wage, and cut vulnerable employment and unemployment.

FALLERS

- **Argentina** is facing significant challenges since a new government came into power. The health and education sectors have faced dramatic budget cuts of 76% and 60%, respectively, the wealth tax is being phased out and labour rights are being gutted.
- **Pakistan** cut education and social protection budget shares by a third due to a debt crisis and IMF-imposed austerity measures.

1.2 THE CONSEQUENCES OF ECONOMIC INEQUALITY

The severity and persistence of inequality found in the majority of low-, lower middle- and upper middle-income countries undermines the economic, social, environmental and institutional goals of the World Bank, IMF and UN.

1.2.1 POVERTY GOALS AND PLANETARY BOUNDARIES

Ending poverty is impossible without reducing inequality, because economic growth in unequal countries fails to significantly reduce poverty.[11] Given the carbon intensity of economic growth and the need to live within planetary boundaries, ensuring that economic growth is focused on the incomes of the majority – rather than increasing the incomes of the already prosperous – is critical if we are to end poverty and stay within carbon limits.[12] The only way for our goals on climate change and delivering prosperity not to contradict each another is to radically reduce inequality.

1.2.2 ECONOMIC GOALS

More unequal societies tend to grow more slowly, are less successful at sustaining growth over long periods of time and recover more slowly from economic downturns.13 The IMF has published research identifying that, above a Gini coefficient of 0.27, inequality has a clear negative impact on economic growth.[14]

1.2.3 HEALTH, EDUCATION AND OTHER SOCIAL GOALS

Countries with high inequality have much worse health and educational outcomes: their people live shorter, unhappier and less fulfilling lives.[15] High inequality undermines social mobility, meaning that the children of families living in poverty, however talented they are, remain poor.16 Equally, high inequality undermines the ability of nations to invest in the social capital that will allow them to combat inequality.[17]

1.2.4 CLIMATE AND OTHER ENVIRONMENTAL GOALS

Countries with high inequality struggle to take the collective action required to confront environmental challenges, notably the impacts of climate change.[18] Risk is distributed downwards, i.e., the impacts of changing climates and extreme weather events are felt most by those least able to cope.[19] With dramatic impacts already being felt,[20] the level of equality in a society will be key to their ability to adapt and not fracture.

1.2.5 POLITICAL POLARIZATION AND POOR GOVERNANCE

Increased inequality and political polarization worldwide are linked.[21] High inequality is associated with higher levels of rent-seeking, corruption[22] and the corrosion of institutions.[23] Countries with high inequality also have lower levels of social trust24 and higher levels of crime.[25]

1.2.6 FUELLING AND FEEDING OFF OTHER INEQUALITIES

Economic inequality combines with other inequalities to reinforce poverty and hardship. For instance, gender inequality is strongly associated with income inequality.[26] Similarly, a girl from a poor family in rural Kenya has a one in 250 chance of completing studies beyond secondary school, whereas a boy from a rich family has a one in three chance.[27]

2 THE WORLD BANK, THE IMF AND REDUCING INEQUALITY

This chapter assesses how committed the World Bank and the IMF are to reducing inequality, and identifies the urgent measures they need to take to accelerate their efforts to address the inequality crisis.

The CRI 2024 shows that countries with World Bank and IMF programmes are especially hard hit and could see an increase in economic inequality. The analysis shows that 87% of the countries with World Bank programmes[28] regressed in one or more CRI indicators, while a staggering 94% cut the budget shares allocated to education, health or social protection since the last CRI in 2022. The impact is particularly severe for International Development Association (IDA) countries – the world's poorest countries. Some 90% of IDA countries backtracked in one or more CRI indicators, while 95% cut budget shares to education, health or social protection. The picture is similar for the countries under IMF programmes,[29] with 95% cutting shares spent on education, health or social protection budgets.

Tackling inequality should thus be prioritized by the two institutions. Both the World Bank and the IMF should agree that all countries should be aiming for a Gini coefficient of 0.3 or below, as per the recommendations of global inequality experts.[30]

2.1 THE WORLD BANK AND INEQUALITY

In 2023, following pressure from world-leading inequality experts, shareholders and civil society, the World Bank introduced a new overall vision goal for the institution, focused on reducing inequality. This long-overdue move is a clear recognition that reducing inequality underpins all its other goals, both on poverty and climate change.[31]

The agreed goal is to '*reduce the number of countries with high inequality*'. High inequality is defined as a Gini coefficient of 0.4 or above – this currently covers about one third of countries.

The World Bank has a lot of work to do to institutionalize its new commitment to tackling inequality. Some of the initial signs have not been encouraging; inequality was missing entirely from some of the World Bank's initial inputs into the policy framework for the IDA's upcoming replenishment, as was any commitment on progressive domestic resource mobilization aligned with Sustainable Development Goal (SDG) 10.4. The World Bank needs to rapidly implement a series of concrete steps to mainstream its new goal across all its work.

2.1.1 THE WORLD BANK MUST REVERSE DANGEROUS DETERIORATION IN INEQUALITY DATA

While the quality and timeliness of the inequality data at the national level had been improving, the pace has been too slow and Covid 19 was a serious setback. For over 100 countries, data is only available before 2020.[32] As the guardian of much of this data, the World Bank has a vital responsibility to press for improvement, including much better estimates of incomes at the top of the distribution – for wealth as well as income.

Despite important commitments around some areas of disaggregation, such as gender and disability, the World Bank is largely failing to disaggregate other critical indicators by all levels of income or wealth- the richest are systematically missing from their disaggregated analysis. This disaggregation at country level is key to maximizing the impact of policy actions on reducing inequality. The World Bank could learn from the Demographic and Health Surveys carried out by USAID that disaggregate by wealth quintile.[33]

The World Bank is also supporting the UN on the key inequality indicators for SDG10 on reducing inequalities. The current SDG10.1 only focuses on measuring the incomes of the bottom 40% compared to the average. A proposal to strengthen the indicators for SDG10, so that it measures the ratio between the incomes of the top 10% and the bottom 40%, known as the Palma ratio, has been shortlisted by the Inter-Agency Expert Group.[34] It is critical that the World Bank support this move to strengthen SDG10 to truly become a goal focused on inequality.

2.1.2 THE WORLD BANK MUST TAKE ACTION ON SPENDING, TAX AND LABOUR POLICIES

The World Bank must stop pushing for health, education and social protection policies that increase inequality
Given the comprehensive evidence base that well-funded public health, education and social protection systems reduce inequalities,35 the World Bank should focus on supporting countries to expand high quality public provision, including by supporting the hiring and training of millions of new health workers. However, some parts of the World Bank are instead channelling public funds to largely unregulated and unaccountable private actors under the guise of expanding access to healthcare.

For example, Oxfam has uncovered deeply disturbing evidence of human rights abuses by private hospitals supported by the World Bank's private sector arm, the International Finance Corporation, including the imprisonment of patients until fees are paid.[36] This provides yet more evidence of the dangers of relying on for-profit providers to help in delivering universal health coverage. Yet the focus of the World Bank on restricting the role of the state to being a regulator and purchaser of services provided by the private sector continues. Equally, the focus in World Bank programmes and knowledge work on expanding social insurance schemes over tax-based financing of healthcare has already led to decades of exclusion, with women and the poorest and most marginalized people last to be covered by such schemes.[37]

In education too, particularly following the scandals involving the World Bank-supported Bridge Academies private school chain,[38] the World Bank needs to focus its efforts on expanding and improving public provision of quality education as a crucial approach to reduce inequality. To address quality, one key solution is to focus on teachers. The world needs 44 million teachers.[39] It has been estimated that households contribute 30% of total education spending worldwide.[40] Fewer than half of sub-Saharan African countries have tuition-free access to secondary education.[41] The World Bank was at the forefront of the fight for user fee abolition in the 1990s and 2000s.[42] A similar push for free early, primary and secondary education is urgently needed now.

While the World Bank has publicly endorsed universal social protection through initiatives like its social protection strategy[43] and its partnership with the ILO on Universal Social Protection 2030,[44] its actions on the ground remain focused on social protection schemes that attempt to narrowly target people living in poverty. This is despite this being a discredited approach, as many of the poorest people are erroneously excluded from such means-tested benefits.[45] Instead, universal, category-based benefits such as pensions or universal child benefits should be at the heart of all social protection systems. Such approaches are proven to have a much greater impact on both poverty and inequality, and to enjoy widespread support across society, which is vital.[46]

The World Bank should offer more robust support to progressive taxation
At the G20 finance ministers' meeting in July 2024, an historic commitment was made to increase progressive taxation of the richest people, a move welcomed by President of the World Bank Ajay Banga.[47]

Nevertheless, under his leadership, the World Bank in 2024 has arguably watered down its commitment to pursue more progressive tax systems. For example, while under International Development Association 20th replenishment cycle (IDA20) the World Bank has measured the number of IDA-recipient countries putting in place fairer and more progressive tax systems,[48] the new corporate scorecard-which will track the World Bank's progress towards its vision- only focuses on the amount of tax raised, not whether it has been raised through progressive or regressive taxation.[49]

Just a fraction of World Bank support is focused on strengthening the taxation of capital, personal income or corporate revenues- taxes that target the richest. The World Bank should make concrete commitments to bolster taxation of the super-rich and support governments to lay the groundwork for more progressive tax systems, especially in countries where inequality is high.

The World Bank must support decent work through greater labour rights and higher minimum wages
Despite its stated intentions to support the creation of quality jobs, the World Bank's research and investments frequently have the opposite effect, eroding labour rights and increasing workers' precarity. The now discontinued World Bank Doing Business Index rewarded countries that sought to reduce labour regulation, unionization and minimum wages.50 Its successor, the Business Ready Index, has also been criticized for failing to properly address labour rights and decent work.51 The Bank's ongoing work on women's

labour rights as part of its Women, Business and the Law annual reports and indicators, as well as its gender strategy, are relative bright spots.[52] However, to the extent that the Bank's work erodes the public sector, care work and labour rights, its own policies and practices disproportionately harm women workers.

The World Bank has continued to focus primarily on job creation, not on emphasizing decent wages and protection of workers' rights.[53] The new corporate scorecard[54] does focus on 'better' jobs but defines these only as jobs that pay higher wages, which is not the same as jobs that respect the rights of workers. While there is no doubt that more jobs are needed, the Bank's approach to jobs doesn't go far enough to meet its goals.

Recent research by the World Bank on labour rights and decent wages has continued to make regressive recommendations. For example, in a recent paper on Mongolia,[55] the Bank opposed longer paid maternal leave. Such policies discourage countries from enacting and implementing progressive labour laws.

Most recently, the Bank formed a High-Level Council on Jobs in the Global South,[56] which will have its first meeting in October 2024. This is a critical opportunity for the Bank to recognize that, if it is to use labour policy to reduce inequality substantially, it must encourage working conditions that together ensure decent work, not just any work. This means, for example, supporting broader labour and union rights, increased minimum wages and shorter working hours, etc. The World Bank should work closely with specialist UN organizations such as the ILO to encourage legal protections for workers.

2.2 THE IMF AND INEQUALITY

Between 2013 to 2018, the IMF published a series of groundbreaking research papers about the many aspects of inequality.[57] For example, they looked at inequality's relationships with growth, trade unions and gender inequality, and the impact of neoliberal policies on inequality. However, in recent years, economic inequality has clearly dropped down the list of the IMF's research priorities and is less conspicuous in global speeches and communications.[58]

More positively, the IMF has taken some steps to institutionalize and mainstream work on inequality. Each regional department now has one or more inequality leads, and functional departments such as Fiscal Affairs are supposed to consider the impacts of their recommendations on gender inequality, and the most vulnerable populations. In 2018–21, the IMF included a set of 'Inclusive Growth' indicators (including the Gini coefficient, CRI scores and levels of poverty) in its Article IV documents, and even used the CRI score and indicators for at least two countries to recommend stronger anti-inequality policy actions – for example to Nigeria in 2019. However, the inclusive growth tables have recently disappeared from country documents, a symbolic indication of the IMF's waning interest in tackling inequality issues.

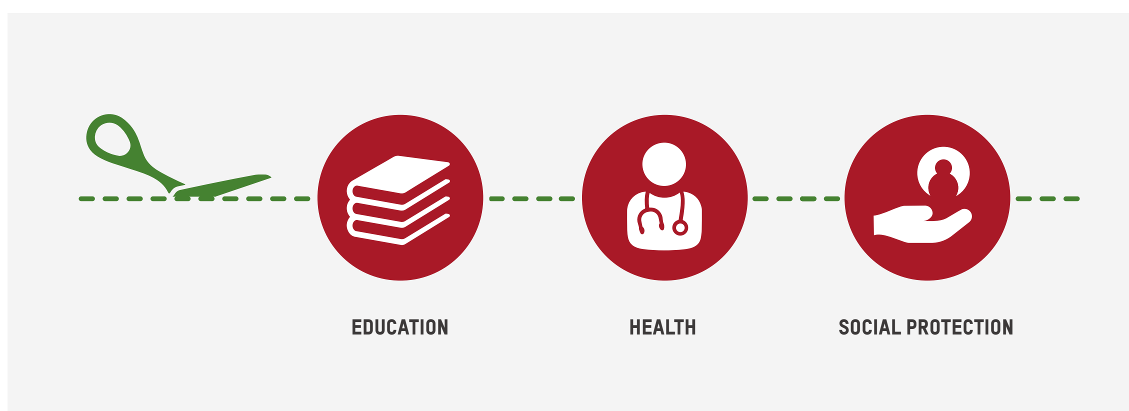
Crucially, the Fund has failed to define clearly for its operations what level of inequality makes it 'macro-critical' and thus essential for governments to act to reduce in order to accelerate growth (even though IMF's own research shows that a Gini coefficient above 0.27 is bad for growth).[59] As a result, inequality is analysed in detail only if IMF staff or country authorities consider the issue 'macro-critical', based on their own subjective judgements or comparisons with peer countries. After an initial flurry of pilot country studies examining inequality and policies to reduce it in 2016–19, and some strong analyses of the issue in Article IV reports, including for the UK and US, inequality is now rarely analysed in detail in IMF country Board papers, and virtually no countries are seeing specific policy recommendations to cut inequality included in loan programmes.

Overall, the IMF's actions on inequality are grossly insufficient to produce the substantial worldwide inequality reduction we need. The IMF should set a goal that all countries should aim for low inequality (a Gini of 0.3 or below) and give their support to countries above that level in developing national plans to reduce inequality, and refer to and respect those plans when giving advice or designing loan programmes.

2.2.1 THE IMF MUST STOP SUPPORT FOR AUSTERITY WORLDWIDE

The IMF continues to contribute actively to an increase in austerity measures worldwide, as seen especially in spending cuts being recommended in the vast majority of countries, to reduce post-pandemic debt and deficit levels.[60] This is in spite of its own Independent Evaluation Office's research showing that austerity reduces growth.[61] The latest April 2024 World Economic Outlook forecasts show that in 2025–29, when countries need to accelerate spending to achieve the SDGs, three in five low- and lower middle-income countries will cut their budgets by a cumulative total of US$336bn.[62] The CRI 2024 and the April 2024 World Economic Outlook data show that about 60% of countries that will cut their cumulative budgets for next five years have cut the budget shares allocated to either education, health and/or social protection since 2022.

FIGURE 2 60% OF COUNTRIES THAT WILL CUT THEIR CUMULATIVE BUDGETS FOR NEXT FIVE YEARS HAVE CUT THE BUDGET SHARES ALLOCATED TO EITHER EDUCATION, HEALTH OR SOCIAL PROTECTION SINCE 2022 INDEX.



2.2.2 THE IMF SHOULD INCREASE SUPPORT FOR PUBLIC SERVICES

IMF research has consistently shown that spending on education, healthcare and social protection reduces inequality.[63] However, its country-level policy efforts to increase such spending have varied greatly. The IMF's response to this criticism since 2009 has been to argue that it has paid attention to it by including a conditionality on social spending in its loan programmes. In fact, since the adoption of the social spending strategy in 2019, the Fund has been systematically including 'social spending floors' in its loan programmes to attenuate the negative impacts of fiscal consolidation (or austerity) on the most vulnerable segments in society. However, these are inadequate for three reasons:[64]

- They are opaque and inconsistent. IMF loan review documents do not publish sector-specific or functional spending-disaggregated data that would enable monitoring progress on social policy objectives and comparison between countries. As such, governments can reallocate spending between social sectors, even decreasing expenditures in some areas, while still succeeding to meet social spending floors.
- They are inadequate. Social spending floors are not meaningful or ambitious instruments to underpin social development. Instead, they largely encompass haphazardly grouped policies. While some floors include public sector wages, the majority exclude them. Indeed, the IMF has often mandated the containment or reduction of governments' wage bills. This is a contradiction, as teachers and nurses are at the heart of any successful social spending — and teachers are often the biggest group of public sector employees in every country. IMF projections in the loan programmes for the countries in this study show that the share of government spending for public sector wage bills are set to undergo a significant drop. Such a consistent targeting of public sector wages undermines the effective delivery of quality public services.
- They are not implemented. Social spending floors take a backseat to austerity conditionalities. Oxfam found that one in three social spending targets (35%) were not implemented, while countries adhered to 85% of targets related to balancing budgets, often through cuts to public spending.[65]

Overall, it is hard to avoid the conclusion that social spending floors are a fig leaf for austerity.

While social spending floors may act as damage control for the painful reforms advanced by the IMF in its loan programmes, they also appear to limit the social spending ambitions of governments. Beyond potentially helping some people survive painful economic adjustments, they likely have little or no impact on reducing inequality. Social spending floors have largely played the role of deflecting attention away from a more fundamental debate on the necessity of austerity and spending cuts. For every $1 the IMF encouraged a set of poor countries to increase inflation-adjusted social spending, it has told them to cut $4 through austerity measures.[66]

Related to this is the removal of subsidies of various types – especially on food and fuel. While incidence analysis shows that such subsidies tend to predominantly benefit the middle-class, it also shows that subsidies can nevertheless represent very high proportions of the income of the poor.[67] Their removal often leads to protests and unrest. Despite commitments to offset such negative impacts with increased social protection, repeated experiences have shown that subsidy removal usually occurs either before any mitigating increases in social protection, and an insufficient proportion of savings are devoted to social protection spending.[68]

2.2.3 THE IMF MUST DO MORE TO SUPPORT PROGRESSIVE TAXATION

The IMF has in recent years been more supportive of progressive taxes in their research, analysis and policy briefs, and have in some instances come out publicly in favour of some progressive forms of taxation, such as windfall taxes and solidarity taxes on the richest during the COVID-19 pandemic[69].

Despite this, IMF loan agreements with countries in 2021–22 relied heavily on regressive tax conditions and advice, with a continued focus on strengthening VAT collection,[70] on the grounds that any increase in inequality due to tax changes could be somewhat offset by social spending. This has continued into 2023 according to the CRI findings, with the Fund encouraging several countries to eliminate or reduce exemptions on VAT, especially for basic foods, which form a high proportion of the goods consumed by people living in poverty. In Kenya, a proposal to do this was one cause of recent widespread protests.[71] The IMF's own analysis shows that exempting such goods is key to minimizing the negative impact of VAT on inequality, and its elimination should be prohibited in IMF programmes.

2.2.4 THE IMF MUST ACT ON LABOUR RIGHTS

The IMF has conducted research showing that there is a strong correlation between improved economic outcomes and higher minimum wages, decent work and greater unionization.[72] However, it does not seem that this research is translating into consistent national policy suggestions, especially as containing and reducing the public wage bill still features heavily in IMF recommendations and conditionalities. Instead, the Fund could for example include introductions or upgrades of minimum wages to reach a level of around 60% of average wages, as is the practice now in the EU. Worse still, there is no evidence that the IMF is systematically reviewing or recommending other decent work policies such as paid leave, decent working hours and conditions and child labour laws, etc.

3 FIGHTING INEQUALITY THROUGH PUBLIC SERVICES

The Public Services pillar of the CRI Index assesses countries on three sets of indicators:[73]

- public spending as a share of total government budget;
- coverage of public services with an equity lens; and
- impact of spending on reducing inequality.

Since the 2022 CRI, many countries have been experiencing a global polycrisis[74] — climate change, the consequences of the COVID-19 pandemic, and inflationary pressures caused by war and geopolitical tensions — straining their public finances. Many low- and middle-income countries are overwhelmed by debt.[75] In the absence of other non-debt funding, this has led to pressure, spearheaded by the IMF in many cases, to enact extreme austerity (see Section 2.2). Meanwhile, wars, rising geopolitical tensions and insecurity have ratcheted up military spending, sucking resources away from public services.

3.1 PUBLIC SERVICES PILLAR: OVERALL RESULTS

At the top of the pillar, matching previous editions of the CRI, is a cluster of high-income OECD countries (see **Table P1**). The stand-out newcomer is **Canada**, which has risen 22 places to number 6, mainly due to an increase in social protection spending and new commitments to tackle health sector inequalities by investing in universal public health care.[76]

At the bottom is a group of mostly conflict-affected low- and lower-middle income countries. They all have low social spending and poor coverage, so their public services are reducing inequality only marginally. Many of these were in the bottom ten in 2022. **Pakistan** is new in the bottom 10, largely due to a worsening economic climate, floods in 2022 and spiralling debt service. The **Central African Republic** also dropped into the bottom 10, due to continuing insecurity, shrinking health budgets and worsening health coverage.

TABLE P1 PUBLIC SERVICES PILLAR TOP AND BOTTOM 10 PERFORMERS

TOP 10			BOTTOM 10		
Country	**Rank (of 164)**	**Change since 2022 index**	**Country**	**Rank (of 164)**	**Change since 2022 index**
Poland	1	→	South Sudan	164	→
Finland	2	→	Somalia	163	NEW
Ireland	3	↑	Pakistan	162	↓
France	4	↓	Chad	161	↓
Japan	5	↓	Guinea	160	↓
Canada	6	↑	Central African Republic	159	↓
Belgium	7	↑	Nigeria	158	↑
Slovenia	8	↑	Guinea-Bissau	157	↓
Germany	9	↓	Niger	156	↓
Austria	10	↓	Afghanistan	155	↓

The most dramatic falls (see **Table P2**) since 2022 all reflect debt service, military spending or climate disasters squeezing out anti-inequality spending, often leading to lower coverage. They include several small island developing states hit by hurricanes, cyclones, typhoons and/or rising sea levels. For instance, **Fiji** has[77] gone backwards on healthcare coverage, while increasing out-of-pocket health spending. The **Maldives** tell a similar story.

On the other hand, the big risers are a mixed bag. The standout is **Morocco**, largely due to higher spending as part of reconstruction following the September 2023 earthquake. **Malaysia** has further improved its impressive public services coverage, and scaled up health spending.

TABLE P2 PUBLIC SERVICES PILLAR TOP 10 RISERS AND FALLERS

10 BIGGEST RISERS		10 BIGGEST FALLERS	
Country/region	**Change since 2022 index**	**Country**	**Change since 2022 index**
Morocco	+30	Maldives	-34
Malaysia	+26	Fiji	-34
Paraguay	+26	Brazil	-31
Eswatini	+22	Tuvalu	-24
Canada	+22	Burundi	-23
Spain	+20	Barbados	-23
Ecuador	+19	Vanuatu	-22
Moldova	+16	Ukraine	-22
Dominican Republic	+15	Argentina	-19
Hong Kong SAR, China	+14	Bolivia	-17

BOX 2 THE 'WORST EVER DEBT CRISIS' AND GLOBAL INSECURITY THREATEN ANTI-INEQUALITY SPENDING

Development Finance International's (DFI's) 2024 Debt Service Watch database shows that, measured by the burden of debt service on budgets, we are currently seeing the 'worst global debt crisis ever'.78 In 2024, debt service is absorbing an average of 41.5% of budget revenues, 41.6% of spending and 8.4% of GDP on average across 144 countries. The crisis is affecting a range of income groups and regions (see **Figure P1**). This is a long-term problem, with high service burdens forecast by the IMF to persist into the mid-2030s.[79]

Most vital is the degree to which debt service is crowding out spending to fight inequality. Debt service exceeds all social spending in low- and lower middle-income countries (see Figure P2), and is 2.7 times education spending, 4.2 times health, and 11 times social protection. The debt crisis has also vastly increased the number of countries with IMF programmes, which often leads to spending cuts to reduce deficits and debts (see Chapter 2).

FIGURE P1: AVERAGE OF DEBT SERVICE AS A PERCENTAGE OF REVENUE

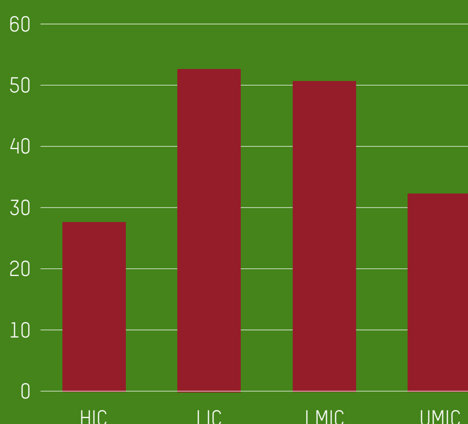
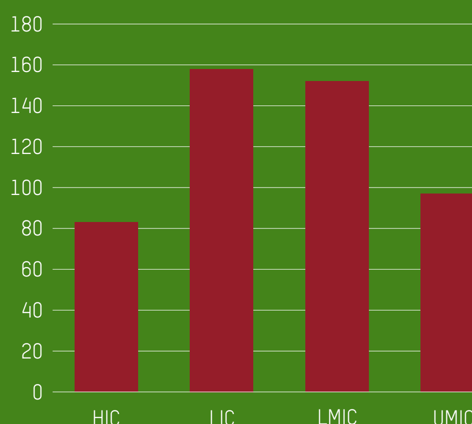


FIGURE P3: AVERAGE OF DEBT SERVICE AS A PERCENTAGE OF SOCIAL EXPENDITURE*



HIC: high-income country | **LIC:** low-income country | **LMIC:** lower middle-income country | **UMIC:** upper middle-income country
EDC: emerging and developing country

*Combined health, education and social protection spending

Source: DFI figures from the Debt Watch Database 2024, used in the publication: DFI and Norwegian Church Aid (NCA (2024). Resolving the Worst Ever Global Debt Crisis: Time for a Nordic initiative? Resolving the Worst Ever Global Debt Crisis: Time for a Nordic initiative? https://www.kirkensnodhjelp.no/contentassets/c1403acd5da84d39a120090004899173/

At the same time, increasing global insecurity has seen governments ratchet up military spending. The SIPRI Military Expenditure database shows large increases across the world in 2023,80 with total global expenditure reaching US$2.44tn, and absorbing an average 8% of budgets. The worst-affected regions are Eastern Europe (23%), and the Middle East and North Africa (13%). The worst-affected countries are **Pakistan** and **Mali**, where military spending is nearly three times health spending; and **Belarus** and **Ukraine**, where it is over half of their government budget.[81]

3.2. PUBLIC ANTI-INEQUALITY SPENDING (INDICATOR PS1)

On average, total spending on the three social sectors in the CRI stood at 43.4% of total spending, representing a very small decline of 0.3 percentage points since the 2022 edition. Slightly over half of countries have reduced the percentage spent. However, within these averages is hidden a more complex story, in which many countries have been forced to spend larger shares in the face of a cost-of-living crisis, and many others have implemented dramatic cuts.

For instance, compared to the 2022 CRI, **Ukraine** fell by an enormous 79 places, as the budget space for social spending has been squeezed by military spending (58% of its 2023 budget) and debt service (15%). The next nine biggest fallers had a debt service burden exceeding 20% of spending in 2023 (see Box 2). **Argentina**, the second biggest faller, has seen a new far-right pro-austerity government dramatically slash public spending, partly to pay debt service.[82] The third biggest faller, **Burundi**, spent over 40% of its budget on debt service in 2023, 1.5 times its social spending.

TABLE P3 PUBLIC SPENDING BOTTOM 10 AND BIGGEST 10 FALLERS

BOTTOM 10			BIGGEST 10 FALLERS	
Country	**Rank (of 164)**	**Change since 2022 index**	**Country**	**Change since 2022 index, rank**
South Sudan	164	→	Ukraine	↓ 79
Sri Lanka	163	→	Argentina	↓ 71
Timor-Leste	162	↓	Burundi	↓ 68
Pakistan	161	↓	Brazil	↓ 64
Nigeria	160	↓	Bolivia	↓ 54
India	159	↑	Barbados	↓ 51
Afghanistan	158	↑	Maldives	↓ 44
Lao PDR	157	↑	Guyana	↓ 39
Guinea	156	↑	Philippines	↓ 35
Guinea-Bissau	155	↓	Ethiopia	↓ 34

Similar trends can be seen in the bottom 10. The three new countries falling into this group – **Sri Lanka**, **Pakistan** and **Guinea** – have all cut social spending due to very high debt service. **Sri Lanka**, after defaulting on its debt in 2022, has negotiated relief that still leaves debt service (including domestic debt) diverting more than half its budget.[83] Combined with IMF pressure for austerity, this has replaced **Sri Lanka's** universal social protection schemes with targeted social safety nets that are riddled with holes in coverage,[84] leading to an explosion of inequality.[85]

These stories suggest that the biggest driver of spending cuts is rising debt service. However, to test whether this holds more broadly, we have statistically tested the relationship between changes in the two variables between 2022 and 2024. We find that for the 80 countries with service over 20% of spending, the correlation is -0.27, rising to -0.57 for the 64 countries with service over 30% of spending, suggesting that rising debt service is playing a major role in reducing social spending across the world.

On the other hand, the top ten – apart from **Canada**, discussed in **Section 3.1** – have remained stable, and continued to finance their public social services sustainably. **Chile**, in first place, has been addressing extreme in-country inequality by increasing spending on free healthcare, and is intending to move about 3 million people from private to public healthcare.[86]

Many of this edition's 'big risers' (see **Table P4**) may not stay there long. The top riser, **Morocco**, went up 96 places due to large post-earthquake relief and reconstruction spending.[87] **Ecuador** climbed due to a budget passed before President Daniel Noboa was sworn in committing to austerity budgets.[88] Zambia is one of the few countries in which anti-inequality spending has risen since the 2022 CRI – albeit from very low levels[89] – as a result of it finally having received some debt relief in 2023–24. However, broader austerity measures are likely to hit citizens hard in the future[90] and, even after relief, Zambia is still spending 45% of its budget on debt service.[91]

TABLE P4 PUBLIC SPENDING TOP 10 AND BIGGEST 10 RISERS

TOP 10			BIGGEST 10 RISERS	
Country	Rank	Change since 2022 index	Country	Change since 2022 index, rank
Chile	1	↑	Morocco	↑ 96
Ireland	2	↑	Ecuador	↑ 51
Costa Rica	3	↓	Canada	↑ 45
Iran	4	↓	Eswatini	↑ 43
United States	5	↑	Mongolia	↑ 41
Uzbekistan	6	↓	Dominican Rep.	↑ 32
Denmark	7	↓	Paraguay	↑ 32
Australia	8	↑	Bhutan	↑ 29
Canada	9	↑	Jamaica	↑ 28
Paraguay	10	↑	Zambia	↑ 28

3.2.1 EDUCATION SPENDING (INDICATOR PS1A)

A total of 112 (of 164) countries fall below the minimum international recommendation of spending 15–20% of national budgets on education.[92] Only 17 meet or exceed 20%. Since the 2022 CRI, average education spending fell from 14% to 13.7%, continuing trends seen during the COVID-19 pandemic.

Nonetheless, a number of countries have increased education spending, despite high debt service. The **Dominican Republic**, for instance, has increased education spending by four percentage points since the 2022 CRI to 23% of its budget, and is prioritizing spending on teachers[93] and pre-schooling.[94]

The top riser is **Morocco**, which is now in the top 10 education spenders, thanks to a rise of 17% in the share of its budget going to education. While much of this is due to rebuilding schools' post-earthquake, much is also going to equity-enhancing commitments, such as free school meals and early education,[95] which may help to address the extreme inequality in Morocco's education system.[96]

3.2.2 HEALTH SPENDING (INDICATOR PS1B)

The average budget share spent on health has stagnated at 11% since the 2022 CRI, which itself showed an alarming fall in health spending during the global pandemic for half of low- and lower-middle income countries. It is worrying that spending is not rising now to protect against the next pandemic.

Some countries have learned lessons about the need to address fragmented or inequitable health systems. **Paraguay**, for instance, stands out for dramatically moving up the rankings and as the second largest health budget raiser, but it still has much further to go to reform its highly unequal health system, which is characterized by large out-of-pocket expenditures.[97]

At the same time, some of the world's weakest health systems have cut spending. The **Central African Republic**, the second largest cutter, already had less than a third of the population covered by essential health services.

Several of the top performers — **the USA** stands out here — are those with significant emphasis on costly private insurance despite research on healthcare financing showing that publicly financed healthcare, with a focus on primary care, is the most cost-effective, efficient and equitable.[98]

3.2.3 SOCIAL PROTECTION SPENDING (INDICATOR PS1C)

Social protection spending has stagnated at 18.3% of budgets since the 2022 CRI. A few of the other biggest risers (e.g. **Nepal** and **Haiti**) have risen from very low spending by global standards, but are still low overall, and still have a long way to go to scale up spending to improve coverage. **Haiti**, for example, has the second lowest pension coverage in the CRI.

The third biggest cutter is **Ukraine** due to its rise in military spending and debt service. As a result of the cost of the war, it has moved from its previous universal system – which has been shown to have a significant impact on both poverty and inequality[99] – to a new means-tested system that has hugely reduced coverage,[100] and is included in the recent loan agreement with the IMF.[101]

3.3 PUBLIC SERVICES COVERAGE (INDICATOR PS2)

Though we are only six years away from the SDGs' 2030 deadline, there has been very little improvement in the proportion of the population getting access to free education, healthcare and social protection. The 2024 UN SDG report[102] noted that the debt and climate crises, the invasions of Ukraine and Gaza, a weak global economy and the lingering effects of COVID-19 have stalled progress, with the poorest and most vulnerable worst hit.

TABLE P5 PUBLIC SERVICES COVERAGE TOP AND BOTTOM 10

TOP 10			BOTTOM 10		
Country	**Rank (of 164)**	**Change since 2022 index**	**Country**	**Rank (of 164)**	**Change since 2022 index**
Canada	1	↑	Somalia	164	NEW
United States	2	↑	Chad	163	↓ 14
Sweden	3	↓	Cen. African Rep.	162	↓ 22
Korea, Rep.	4	↓	Angola	161	↑ 3
Australia	5	↑	South Sudan	160	↓ 3
Slovenia	6	↑	Niger	159	↓ 3
Finland	7	↓	Madagascar	158	↑ 18
United Kingdom	8	→	Ethiopia	157	↓ 34
Ireland	9	↑	Guinea-Bissau	156	↓ 2
Germany	10	↑	Benin	155	↓ 1

3.3.1 EDUCATION COVERAGE (INDICATOR PS2A)

This indicator measures the secondary school completion rate of pupils from the poorest 20% of households, which is crucial to ensuring education tackles inequality and boosts social mobility.

Overall, the results vary greatly, with 13 countries seeing less than 1% of the poorest pupils completing secondary education, and 45 countries less than 10%. A few countries are going backwards. For example, inflationary pressures and economic crisis have hit education hard in **Zimbabwe**.[103]

At the other end of the spectrum, top performers **South Korea**, **Canada** and **Sweden** all have 90% of their poorest pupils completing secondary education. Most of the top 50 are OECD countries that have long had universal education. However, **Cuba** shows what can be done with far fewer resources but a long-term commitment to equal education, with rates comparable to **Australia**, **Norway** and the **UK**.

3.3.2 HEALTH COVERAGE (INDICATOR PS2B)

This indicator comprises two components:

1. The proportion of the population with access to a package of essential health services, or 'universal health coverage'.[104] This stands at an average of 65% of population covered across countries in the index — little changed since the 2022 CRI (64%). Strikingly, more than half of people remain uncovered in a quarter of all countries in the index.

2. The proportion of the population suffering from 'catastrophic expenditure on health' (defined as over 10% of their expenditure). On average, this is 8.6% globally, which is a slight increase since 2022.

The countries performing well on these two sub-indicators are all OECD countries that have long invested in universal health coverage, which means individuals do not have to pay from their own pockets.

At the other end of the rankings, **Angola** only provides publicly funded healthcare for around a third of the population, while over a third of households face catastrophic expenditure on health.

3.3.3 SOCIAL PROTECTION COVERAGE (INDICATOR PS2C)

This indicator uses pension coverage as a proxy for overall social protection coverage. We had hoped to expand this to cover other social protection programmes for the 2024 CRI. However, due to a lack of data covering the full range of programmes in some countries, this has not been possible (see Box 3).

Our analysis shows 41 countries have achieved full coverage, meaning 100% of the population of pensionable age have access to a pension.[105] The majority of these are high-income countries. Less than 10% of older people are covered in 26 countries. At the bottom is **Somalia** with no pension scheme at all, but with a new pension scheme now approved through parliament (although still requiring presidential sign-off), which will ensure that civil servants, at least, will get a pension.[106]

3.4 IMPACT ON INEQUALITY (INDICATOR PS3)

This indicator measures the degree to which public services and social protection reduce inequality (as measured by the Gini coefficient). Evidence shows that free universal public social services are among the most effective ways to reduce inequality.

Yet overall, since the 2022 CRI, the estimated average global impact on inequality has fallen from a 19.4% reduction in Gini to only 15.8%. Trend analysis also shows far fewer countries increasing their reduction of inequality than in 2022. The inequality-busting power of public services is collapsing.

Public services *are* reducing inequality in every country, but the reductions vary widely, as **Table P6** shows. This is because the impact is the result of not just *how much* a government spends on social services, but also *how* it spends it. For instance, fee-free primary healthcare that is widely available to all, policies that encourage young people from the poorest households to complete a secondary education, and universal social protection systems that put money into the pockets of the poorest people reduce inequality most.[107] Conversely, government policies can undermine this by imposing user fees for health and education, or by excessively targeting benefit programmes and thereby missing large numbers of the poorest people.

Most of the best performers are high- and upper middle-income countries where investment in social services and social protection has long played an important role in reducing inequality. Spending in ten — **Poland**, **Finland**, **France**, **Belgium**, **Norway**, **Austria**, **Czechia**, **Croatia** and **Slovakia** — is reducing inequality by more than half; another 21 are reducing inequality by a third or more. A notable strong upward mover since the 2022 CRI is **Malaysia**.

Most countries fall short of this. Indeed, 89 countries' public services reduce inequality by less than 10%. At the bottom, a cluster of largely low- and middle-income countries reduce inequality by less than 1%, mainly due to low spending levels. Those falling sharply down the rankings include **Zimbabwe**, **Lebanon**, the **Central African Republic** and **Cabo Verde** due to cuts in spending in one or more sectors.

A few have moved upwards due to new national-level incidence studies by the Commitment to Equity Institute (CEQ) that give more granular insight into the impact of public services on inequality. A new study on **Djibouti** has shown that, overall, public services are supporting the poorest 40% of people with cash or in-kind income making up 60% of their 'market income'.[108] A new CEQ study has shown that, at a time of growing inequality in post-pandemic **Colombia**, new policies are allowing public services to provide people living in poverty with more than three times their market income.[109]

TABLE P6 PUBLIC SERVICES' BIGGEST AND SMALLEST IMPACTS ON INEQUALITY

BIGGEST INEQUALITY REDUCTIONS		SMALLEST INEQUALITY REDUCTIONS	
Percentage change to Gini (pre-tax) as a result of government investment in health, education and social protection		Percentage change to Gini (pre-tax) as a result of government investment in health, education and social protection	
Poland	87.3%	Guinea	0.6%
Finland	61.5%	Zimbabwe	0.6%
France	57.4%	Haiti	0.8%
Belgium	56.7%	South Sudan	0.9%
Norway	55.0%	The Gambia	1.2%
Austria	54.5%	Cambodia	1.2%
Czech Republic	54.2%	Somalia	1.3%
Croatia	52.6%	Hong Kong SAR, China	1.3%
Slovakia	52.6%	Niger	1.4%
Slovenia	48.7%	Cameroun	1.6%

BOX 3 ARE WE LEAVING NO-ONE BEHIND? ON PUBLIC SERVICES, WE STILL DON'T KNOW

The coverage indicators in the CRI were chosen based on two assumptions: that they a) would be globally tracked in a timely manner via SDG monitoring processes across virtually all countries; and b) would enable us to show whether public services are delivering equitable SDG progress.

Successive UN SDG reports[110] have noted major data challenges in measuring progress. We have faced these when compiling the CRI, especially measuring equity of coverage. In short, we find that we know far too little about who is 'being left behind'. This is why states need to collect data disaggregated by income, as well as gender, race, class, age, ethnicity, sexual orientation and disability. In particular:

- Progress in education completion is not disaggregated by income in far too many countries, despite household income being the most important marker of how a young person will fare in education, and thus how much education can help play a role in fighting inequality. The EU member states in particular have moved backwards, switching to inequality by region.
- Data on catastrophic out-of-pocket health spending have not been updated since 2019,[111] mainly due to a lack of new national health surveys, despite being a key driver of economic inequality.
- Since 2016, we have not been able to analyse coverage of social protection programmes at all ages. This is despite clear evidence[112] that inequality is best reduced through comprehensive coverage at all ages, and that overall life-cycle coverage differs significantly from pensions.
- The 'impact of public services on inequality' indicator uses a combination of 66 national studies, which are much more accurate, and coefficients derived from panel data studies for the remaining countries. SDG 10.4.2, which tracks the impact of fiscal policy on inequality, uses only the national studies. Yet since the last CRI, only 10 more national studies have published complete data, and the existing studies have an average data date of 2018 due to delays in conducting household surveys. As a result, we need urgent action to publish all data disaggregated by types of spending and tax, and to intersperse household surveys with annual modelling.

4 FIGHTING INEQUALITY THROUGH PROGRESSIVE TAXATION

The Progressive Taxation pillar examines four sets of indicators:[113]

- the progressivity of the tax system on paper, i.e. the extent to which citizens earning more are supposed to pay a higher share of their income than others;
- the prevalence of harmful tax practices that resemble those of a tax haven and result in the diversion of revenues away from other economies;
- the effectiveness of tax collection; and
- the impact of taxation on inequality.

4.1 TAX PILLAR: OVERALL RESULTS

TABLE T1 TAX PROGRESSIVITY PILLAR TOP AND BOTTOM 10 PERFORMERS

TOP 10			BOTTOM 10		
Country	**Rank (out of 166)**	**Change since 2022 index**	**Country**	**Rank (out of 166)**	**Change since 2022 index**
Norway	1	↑	Vanuatu	164	↓
Australia	2	↓	Bahrain	163	↓
Lesotho	3	↓	South Sudan	162	↓
South Africa	4	↓	Bahamas	161	↓
Cambodia	5	↑	Montenegro	160	NEW
Kyrgyz Republic	6	↑	North Macedonia	159	↑
Kenya	7	↑	Occupied Palestinian Territory	158	→
Korea, Rep.	8	→	Bulgaria	157	↓
Zambia	9	↑	Panama	156	↓
Canada	10	↓	Singapore	155	↓

The positive changes in the global context for national tax policies (see **Box 4**) have yet to translate into any significant moves by individual countries to make tax systems more progressive. Indeed, tax systems have been becoming more regressive on paper: tax collection has increased post-pandemic largely due to regressive sales taxes/VAT. There is therefore an urgent need to accelerate global and national tax reforms in ways that generate not just more revenue, but more progressive revenue, especially for the countries of the Global South.

Tables T1 and **T2** show the top and bottom 10 countries in this pillar, as well as the biggest risers and fallers since the 2022 CRI. However, it is important to note that virtually all the major rises and falls reflect the change in methodology used to assess harmful tax practices (see **Section 4.2.4**).

TABLE T2 TAX PROGRESSIVITY PILLAR TOP 10 RISERS AND FALLERS

TOP 10 RISERS		TOP 10 FALLERS	
Country	**Change since 2022 index, rank**	**Country**	**Change since 2022 index, rank**
Serbia	↑ 102	Belize	↓ 99
Eswatini	↑ 78	Solomon Islands	↓ 73
Costa Rica	↑ 70	Luxembourg	↓ 64
Lao PDR	↑ 70	Zimbabwe	↓ 62
Uruguay	↑ 60	Estonia	↓ 61
Yemen, Rep.	↑ 53	Russian Federation	↓ 61
Benin	↑ 52	Cabo Verde	↓ 60
Moldova	↑ 52	Cabo Verde Mozambique	↓ 60
Jordan	↑ 51	Azerbaijan	↓ 59
Chad	↑ 47	Belgium	↓ 52

4.2 TAX SYSTEM PROGRESSIVITY (INDICATOR T1)

Table T3 shows the countries with the most and least progressive tax systems on paper. The top ranks continue to be dominated by lower-income countries, which have not cut income taxes like richer countries. They are joined by newcomer Somalia, which has good exemptions on VAT and relatively progressive income tax systems. As in past years, the worst performers are those with high VAT rates that lack pro-poor exemptions, and very low or flat income tax rates.

TABLE T3 TAX SYSTEM PROGRESSIVITY TOP AND BOTTOM 10

TOP 10			BOTTOM 10		
Country	**Rank (out of 164)**	**Change since 2022 index**	**Country**	**Rank (out of 164)**	**Change since 2022 index**
Chad	1	→	Hungary	164	↓
Cen. African Rep.	2	→	Vanuatu	163	↓
Somalia	3	NEW	Bulgaria	162	↓
Dem. Rep. Congo	4	↑	Bahrain	161	↓
Togo	5	↑	Denmark	160	↓
Nepal	6	↑	Moldova	159	↓
Benin	7	↑	Ukraine	158	→
India	8	↑	Georgia	157	→
Azerbaijan	9	↓	Estonia	156	↓
Cambodia	10	↑	Lithuania	155	↑

BOX 4 THE CHANGING GLOBAL TAX AGENDA

Since the CRI 2022, the global tax agenda has evolved, as a result of an intense political discussion around three main issues that have the potential to change the international tax landscape:

Some progress has been made against tax avoidance by multinational corporations through the Base Erosion and Profiting Shifting (BEPS) process. This includes an agreement to implement a 15% minimum corporate tax on big multinational corporations, agreed under the OECD's so-called 'Inclusive Framework' (with 140 jurisdictions as members) in October 2021. The deal lacked both fairness and ambition, and was skewed against developing countries' interests. Currently, only 40 jurisdictions have implemented or plan to implement the minimum tax.

The disappointment felt by many developing countries after a decade of OECD-led BEPS negotiations pushed African and G77 countries to create a more inclusive forum to govern global tax rules. They achieved an historic success when the terms of reference of a UN tax convention were approved in August 2024, with 110 countries in favour and 8 against.114 The vote is the first step towards a UN tax convention in which all countries participate as equals.

There has been global progress towards more effectively taxing the super-rich. This has been led by Brazil, which has built a consensus among G20 economies (pushed by political leaders and citizens)[115] for an agreement in principle recognizing that extreme economic inequality is '*undermining economic growth and social cohesion and aggravating social vulnerabilities*'.[116] The next stage of designing a new global minimum standard, as suggested by Gabriel Zucman in a G20 study,[117] will require further political pressure in 2024-25.

4.2.1 VALUE ADDED TAX OR GENERAL SALES TAX (INDICATOR T1A)

VAT is a regressive tax that hits the poor and often women hardest unless:

- the food products they consume are exempted; and
- small traders where they shop are exempted by setting a relatively high turnover at which sellers begin to pay VAT.

We therefore 'adjust' headline VAT rates for these pro-poor policies, as these countries are making more effort to set progressive tax rules.[118]

In this edition of the CRI, the average VAT rate (adjusting for food exemptions and turnover threshold) has risen from 7.9% to 8.2%, reversing a trend in earlier editions of slight falls. This largely reflects a post-pandemic trend of ending exemptions for food, and not adjusting minimum turnover thresholds upwards with inflation.

Table T4 shows the countries and regions with the highest VAT rates after applying pro-poor adjustments – nearly all are OECD countries. On the other hand, 37 countries/regions have VAT rates that are 'neutral' in their effects on inequality. This is because they either exempt food and have high thresholds or because they have no VAT or general sales tax (GST). Since **Sao Tome and Principe** introduced a VAT in 2023, **Hong Kong, SAR China** is now the only entry in the CRI without a sales tax.

In terms of trends since 2022, 15 countries increased their adjusted VAT rates, while 9 reduced them.

TABLE T4 HIGHEST AND LOWEST ADJUSTED VAT RATES

HIGHEST 10 ADJUSTED VAT RATES		COUNTRIES/REGIONS WITH ZERO 'ADJUSTED' VAT RATES			
Country	**Adjusted VAT rate**	**Country**			
Denmark	25%	Hong Kong SAR China*	Congo, Dem. Rep.	Lao PDR	Philippines
Brazil	24.2%	Afghanistan	Ethiopia	Lesotho	Rwanda
Hungary	22.5%	Bangladesh	Gambia	Liberia	Sri Lanka
Lithuania	21%	Benin	Guinea	Malawi	St. Lucia
Norway	20%	Bhutan	India	Mali	St. Vincent
Estonia	20%	Burkina Faso	Indonesia	Mauritius	Tuvalu
Ukraine	20%	Cambodia	Kenya	Morocco	Uganda
Bulgaria	20%	Cameroon	Kiribati	Nepal	Uzbekistan
Chile	19%	Chad	Kyrgyz Rep.	Nigeria	Yemen, Rep.
Finland	19%				Zambia

*No VAT or general sales tax

4.2.2 PERSONAL INCOME TAX (INDICATOR T1A)

The 2024 CRI calculates personal income tax progressivity based on the rates and thresholds used by each country compared to per capita GDP. The average trend has also been negative for PIT since the 2022 CRI, with the PIT progressivity score (the percentage by which PIT rises for every unit of per capita GDP)[119] falling from 3.9% to 3.5%. There are still 20 states that either have no PIT (almost all Gulf states)[120] or have flat tax rates (almost all in Eastern Europe and the former Soviet Union).[121]

The countries with the highest top PIT rates have stayed the same as in 2022 (see **Table T5**). At the other end of the rankings, **Armenia** and **Tajikistan** have cut their top PIT rates.

TABLE T5 PERSONAL INCOME TAX HIGHEST AND LOWEST TOP RATES

HIGHEST 12 TOP RATES		LOWEST TOP RATES	
Country		**Country**	
Cote d'Ivoire	60%	Bahamas	0% (no PIT)
Denmark,	56%	Bahrain	0% (no PIT)
Japan	55%	Oman	0% (no PIT)
Austria	54%	Vanuatu	0% (no PIT)
Canada	53%	Guatemala	7%
Portugal	52%	Bulgaria	10%
Finland	52%	Kazakhstan	10%
Sweden	50%	Kyrgyz Republic,	10%
Belgium	50%	Mongolia	10%
Cuba	50%	North Macedonia	10%
Israel	50%	Paraguay	10%
Slovenia	50%	Romania	10%
		Timor-Leste	10%

4.2.3 CORPORATE INCOME TAX (INDICATOR T1A)

The average global CIT rate has stayed almost the same as in the 2022 CRI, at 23.3%. There continue to be 13 countries with CIT rates above 30%, three countries with no CIT, and a further 12 countries with rates below the 15% minimum corporate tax rate agreed by the OECD (see **Box 4).**

Since the 2022 CRI, CIT rates have fallen in **Australia, Bangladesh, France, Pakistan, the Seychelles, St Vincent and the Grenadines, Tajikistan,** Türkiye and **Zambia. There is no evidence that the new global minimum corporate tax rate is encouraging governments to increase tax rates to 15%.**

A notable improver was **Colombia**, where the current progressive government increased its corporate tax rate to 35%.

TABLE T6 CORPORATE INCOME TAX HIGHEST AND LOWEST RATES

HIGHEST RATES		LOWEST RATE	
Country	**CIT rate**	**Country**	**CIT rate**
Guyana	40%	Bahamas (No CIT)	0%
Argentina	35%	Bahrain (No CIT)	0%
Colombia	35%	Vanuatu (No CIT)	0%
Japan	33%	Barbados	5.5%
Malta	35%	Hong Kong, SAR China	8.3%
Jordan	35%	Hungary	9%
Chad	35%	Bulgaria	10%
Brazil	34%	North Macedonia	10%
Cameroon	33%	Paraguay	10%
Mozambique	32%	Timor-Leste	10%
Namibia	32%	Kyrgyz Rep.	10%
Portugal	31.5%	Moldova	12%
Morocco	31%	Montenegro	12%
		Cyprus	12%
		Ireland	12.5%

4.2.4 HARMFUL TAX PRACTICES (INDICATOR T1B)

The CRI measures the degree to which a country has implemented harmful tax practices that attract corporate profits to be artificially declared in that country for tax purposes, thereby eroding the global tax base and countries' ability to fight inequality.[122]

The 2024 CRI has modified the methodology for this indicator. We have removed the criterion assessing whether countries have anti-tax avoidance legislation, because it was felt to be subjective and had the unintended consequence of penalizing low-income countries, while not reflecting those higher income countries still acting like tax havens.[123] As a result, direct comparisons between current and past CRI scores on this indicator are not possible.

As a result of removing this criterion, most countries have no negative scores on harmful tax practices, but 13 countries and a region have negative scores on several indicators: **Hong Kong, SAR China**; **Singapore**; **Ireland**; **Luxembourg**; **Malta**; **Netherlands**; **Bahrain**; **Cyprus**; **Mauritius**; **Seychelles**; **St. Lucia**; **Switzerland**; and **Trinidad and Tobago**.[124] These governments need to take urgent action to end their harmful tax practices and allow other countries to collect the taxes owed to them.

4.3 TAX COLLECTION (INDICATOR T2)

This indicator assesses tax collection through 'tax productivity', which is calculated by multiplying each of the tax rates by the tax base (e.g., consumption for VAT), and comparing these against actual tax receipts. This allows us to see whether countries are collecting taxes well due to good policy and administration, or whether exemptions, corruption and/or administrative failure are undermining productivity. It also allows us to judge which of the three main taxes is being collected most effectively in each country.

Since CRI 2022, there has been an increase in average tax productivity from 36% to 39%. This largely reflects the post-pandemic recovery, especially the clearance of arrears accrued when governments gave corporations and individuals more time to pay taxes. However, by disaggregating the productivity of different taxes, it is possible to see that it especially reflects the increases in effective VAT rates (due to the elimination of exemptions), and enhanced PIT collection.

It is striking that five of the countries in the bottom 10 for tax productivity (see **Table T7**) – **Somalia**, **South Sudan**, **Central African Republic**, **Guinea-Bissau** and **Haiti** – have for many years been in conflict, leading to a breakdown of tax collecting structures and the willingness of citizens to pay tax. The other countries are largely dependent on oil revenues (especially **Nigeria** and **Iraq**), and therefore funding their budgets from royalties collected from private companies, or the profits of state-run oil companies.

TABLE T7 TAX COLLECTION TOP 10 AND BOTTOM 10

TOP 10			BOTTOM 10		
Country	Tax productivity, %	Change since 2022 Index	Country	Tax productivity, %	Change since 2022 Index
Norway	98.6%	↑	Somalia	2.5%	New
Kyrgyz Republic	93.0%	↑	South Sudan	6.6%	↑
Seychelles	92.2%	↑	Central African Republic	6.6%	↓
Mongolia	84.6%	↑	Guinea-Bissau	9.0%	↓
Barbados	81.0%	↓	Iran	9.7%	↓
New Zealand	75.8%	↑	Sao Tome and Principe	9.9%	↓
Cyprus	73.3%	↑	Haiti	10.7%	↑
Algeria	72.9%	↑	Iraq	11.3%	New
Luxembourg	70.2%	↑	Lebanon	11.4%	↑
Denmark	67.7%	→	Cote d'Ivoire	11.6%	↓

4.4 IMPACT ON INEQUALITY (INDICATOR T3)

The final Progressive Taxation pillar indicator analyses the impact of tax policies on income inequality as measured by the change in the Gini coefficient before and after taxes (i.e., measuring the degree to which countries' tax policies and collection are reducing or increasing inequality). Together with indicator PS3 (see **Section 3.4), this measures the overall impact of fiscal policy on income inequality, as tracked by SDG 10.4.2.**

Previous editions of the CRI have shown that, on average, tax systems and collection are regressive, i.e., they exacerbate inequality rather than reducing it. This is because of the high dependence in many countries on indirect taxes such as VAT/GST and excise duties. In the 2024 CRI, there has been a dramatic increase in this trend – mainly because much more VAT is being collected. The average increase in inequality caused by the tax system has doubled to 0.6%, compared to 0.3% in 2022.

Table T8 shows where the tax system has the largest impact on inequality. The top 10 biggest inequality reducers are collecting a large amount of progressive taxation (except **Ireland**, which is diverting revenues away from other countries). Half of these countries are from the Global South – and three are low-income – showing that states of all levels can reduce inequality through their tax system with the right policies. On the other hand, those with the most regressive tax systems are mostly those with flat income taxes or, in the case of **Cyprus** and the **Occupied Palestinian Territory**, highly dependent on VAT/GST revenues.

TABLE T8 TAX IMPACT ON INEQUALITY, TOP 10 REDUCTIONS AND INCREASES

BIGGEST INEQUALITY REDUCTIONS		BIGGEST INEQUALITY INCREASES	
Country	**% Change to pre-tax Gini**	**Country**	**% Change to pre-tax Gini**
Ireland*	-11.3%	Montenegro	+24.9%
Kenya	-8.5%	North Macedonia	+22.9%
Belgium	-8.0%	Bulgaria	+17.7%
Australia	-7.4%	Romania	+11.2%
Argentina	-7.2%	Occupied Palestinian Territory	+9.5%
Tanzania	-7.0%	Azerbaijan	+8.2%
Lesotho	-6.8%	Ukraine	+8.2%
Tunisia	-6.2%	Cyprus	+8.2%
Canada	-5.9%	Kyrgyz Republic	+7.6%
USA	-5.1%	Mongolia	+7.2%

*Ireland's high reduction in inequality partly reflects the harmful tax practices discussed in **Section 4.2.4.** Such practices are diverting progressive tax revenues from other countries to Ireland and preventing other countries from reducing inequality.

BOX 5 DISAPPOINTING PROGRESS IN MONITORING OUTCOMES ON INEQUALITY IN THE SDGS

The only indicator in the SDGs measuring the impact of policy on income inequality is 10.4.2, which looks at the overall impact of fiscal policy (combining public services spending and taxes) as measured by the change in the Gini coefficient. DFI and Oxfam, together with many other actors, played key roles in pushing for this indicator to be improved.

The understanding when we started producing the CRI in 2016 was that, for the majority of countries at the time, we would have to rely on global coefficients derived from econometric panel data studies to calculate the estimated impact of fiscal policy on inequality, i.e., use global evidence to create a standard global coefficient for each tax and type of public spending on the Gini coefficient and use this for countries with no national studies of fiscal incidence.[125]

However, we expected that these would be quickly replaced by more accurate country-specific 'fiscal incidence' studies and/or detailed modelling based on national household income surveys. There has been considerable progress since 2016, with the number of countries covered by specific studies rising by 47. However, there are still 66 countries with no published fiscal incidence studies, and progress has slowed markedly since 2019. Our understanding is that there are three reasons for this:

1. Around 20 countries have had national studies conducted (mainly by the IMF and World Bank), but data disaggregated into the impacts of specific types of spending and tax have not been published, making it impossible for other organizations to analyse policy gaps.

2. Many studies are old due to a failure to conduct repeat studies of the same country. This is because most countries only conduct household surveys every 3–5 years (and skipped the years of the COVID-19 pandemic). Around half of country-specific fiscal incidence studies date from the mid-to-late 2010s, providing only a starting benchmark rather than measuring progress.

3. Insufficient funding has been available to conduct studies.

Three measures need to be taken to resolve this problem:

1. All sponsoring organizations should publish all data from studies they conduct, disaggregated by types of spend and tax;

2. More funding should be made available to fund household surveys and fiscal incidence studies; and

3. Countries should be encouraged to rely on models between household surveys, so as to track likely changes in the impact of fiscal policy on inequality on an annual basis.

5 FIGHTING INEQUALITY THROUGH LABOUR RIGHTS AND WAGES

Labour is the main source of income for most people. It is thus a key cause and contributor to vertical (i.e., income and wealth) and horizontal (e.g., gender, ethnicity, etc.) inequalities. Labour's impact on inequality depends on various factors, including institutions (e.g. governments, employers, trade unions, etc.); laws and policies governing the labour market; and the quality of jobs.

The Labour Rights and Wages pillar assesses three sets of indicators:

- labour rights in law and practice, women's rights and minimum wages;
- unemployment rates and levels of vulnerable employment; and
- the impact of labour policies and practices on inequality, measured by the Gini of labour income

5.1 LABOUR PILLAR: OVERALL RESULTS

Continuing a trend from previous CRI Index editions, the top performers are predominantly rich OECD countries (see **Table L1**). **Austria** has risen by 10 places to join the top 10. This was due to a decrease in the Gini of labour income, an increase in the minimum wage and a reduction in the unemployment rate.

On the other hand, the countries at the bottom are largely low- and lower-middle-income countries, mainly because most workers are in vulnerable employment or unemployed, leading to an extreme Gini of labour income. **Bhutan**, the **Democratic Republic of Congo** and **Zambia** dropped into the bottom 10 in the Labour pillar. In **Bhutan**, the Gini of labour income rose by 0.11 percentage points, while the unemployment rate rose by 30% compared to the 2022 CRI. While both vulnerable employment and unemployment fell in **Zambia**, the Gini of labour income increased by 0.17 percentage points, the largest increase in the Index.

TABLE L1 TOP AND BOTTOM PERFORMERS IN THE LABOUR PILLAR

TOP 10			BOTTOM 10		
Country	**Rank (out of 164)**	**Change since 2022 Index**	**Country**	**Rank (out of 164)**	**Change since 2022 Index**
Slovakia	1	→	Nigeria	164	↓
Norway	2	↑	South Sudan	163	↓
Slovenia	3	↑	Zimbabwe	162	↓
Denmark	4	↓	Uganda	161	↓
Iceland	5	↑	Bhutan	160	↓
Sweden	6	→	Ethiopia	159	↓
Finland	7	↓	Congo, Dem. Rep.	158	↓
Czechia	8	→	Central African Republic	157	↑
Austria	9	↑	India	156	↓
Croatia	10	↑	Zambia	155	↓

Since 2022 CRI, labour rights, decent jobs, minimum wages and the distribution of the labour income have worsened in a majority of countries. Overall, labour rights regressed or stagnated in more countries than they improved. About 90% of countries dropped in one or more indicators in the Labour pillar. Countries that moved up or dropped the most are a mixture of different income groups (see **Table L2**).

TABLE L2 LABOUR PILLAR BIGGEST 10 RISERS AND FALLERS

BIGGEST RISERS		BIGGEST FALLERS	
Country	**Change since 2022 Index, rank**	**Country**	**Change since 2022 Index, rank**
Tonga	↑ 27	Moldova	↓ 47
Vanuatu	↑ 20	Armenia	↓ 34
Italy	↑ 17	Bhutan	↓ 20
Jamaica	↑ 14	Bangladesh	↓ 17
Lesotho	↑ 14	Maldives	↓ 17
Paraguay	↑ 14	France	↓ 16
Tuvalu	↑ 14	Vietnam	↓ 16
Mongolia	↑ 13	Zambia	↓ 16
Argentina	↑ 13	Cambodia	↓ 15
St. Lucia	↑ 13	Kiribati	↓ 14

5.2 LABOUR POLICY (INDICATOR L1)

The labour policy indicator assesses labour rights and unionization in law and practice, women's labour rights and minimum wage policies.

The top and bottom countries on labour policy are a mixture of all income groups and across different regions (see **Table L3**). Five of the ten top entries are low-income countries, all in Africa, because of their relatively good performance on minimum wage compared to their per capita GDP. **Togo** scores particularly well on labour rights and minimum wage.

On the other hand, all the bottom 10 countries dropped compared to their 2022 rankings on this indicator, with the exception of **Iraq**, which is new in the CRI.

TABLE L3 LABOUR POLICY TOP AND BOTTOM 10 PERFORMERS

TOP TEN			BOTTOM TEN		
Country	**Rank (out of 164)**	**Change since 2022 Index**	**Country**	**Rank (out of 164)**	**Change since 2022 Index**
Mozambique	1	→	Uzbekistan	164	↓
Niger	2	↑	Nigeria	163	↓
Togo	3	↑	Belarus	162	↓
North Macedonia	4	↑	Bangladesh	161	↓
Liberia	5	↓	Iran	160	↓
Slovakia	6	→	China	159	↓
Madagascar	7	↑	Singapore	158	↓
Denmark	8	↓	Bhutan	157	↓
Slovenia	9	↓	Botswana	156	↓
Iceland	10	→	Iraq	155	New

Compared to the 2022 CRI, about three fifths of countries fell in one or more sub-indicators. However, a minority of countries bucked the trend. **Sierra Leone** and **South Korea** improved the most (see **Table L4**). Since 2022, **Sierra Leone** introduced new laws on women's rights and increased the minimum wage by a third in 2023, while **South Korea** ratified two important ILO conventions. **Afghanistan** backtracked the most, as the violation of human rights, especially for women, takes a heavy toll. Several EU countries also rose up the rankings due to introducing longer parental leave and higher minimum wages, following on from the adoption of 'social pillar' guidelines by EU ministers to level up rights.

TABLE L4 LABOUR POLICY BIGGEST 10 RISERS AND FALLERS

TEN BIGGEST RISERS		TEN BIGGEST FALLERS	
Country	**Change since 2022 Index rank**	**Country**	**Change since 2022 Index rank**
Sierra Leone	↑ 62	Afghanistan	↓ 63
Korea, Rep.	↑ 40	Congo, Dem. Rep.	↓ 30
Vanuatu	↑ 39	Guinea-Bissau	↓ 30
Central African Republic	↑ 38	France	↓ 26
Jamaica	↑ 35	Honduras	↓ 24
Paraguay	↑ 34	Netherlands	↓ 23
Uruguay	↑ 28	Israel	↓ 23
Argentina	↑ 26	Belize	↓ 21
Spain	↑ 24	Antigua and Barbuda	↓ 19
Tuvalu	↑ 22	Gambia, The	↓ 18

5.2.1 LABOUR RIGHTS (INDICATOR L1A)

This indicator assesses performance in law and practice on labour and union rights according to ILO standards. It is based on data from the Centre for Global Workers Rights at Penn State University, for which unfortunately the latest data cover the year 2020 (compared to 2017 in the 2022 CRI).[126]

The top performing countries on labour rights are from different income groups (see **Table L5**). **Cabo Verde** and **Uruguay** joined the top 10 after moving up 5 and 26 places, respectively. On the other hand, some nine countries at the bottom got the worst possible score because of a general prohibition of the right to establish and join organizations and/or undertake collective bargaining.

TABLE L5 LABOUR RIGHTS TOP 10 AND BOTTOM 10 PERFORMERS

TOP 10			BOTTOM 10		
Country	**Rank (out of 164)**	**Change since 2022 Index**	**Country**	**Rank (out of 164)**	**Change since 2022 Index**
Cyprus	1	↑	Belarus	164	↓
Finland	1	→	China	164	↓
Slovakia	1	↑	Djibouti	164	↓
Iceland	4	↓	Egypt, Arab Rep.	164	↓
Luxembourg	5	→	Iran	164	↓
Cabo Verde	6	↑	Iraq	164	New
Ireland	7	→	Lao PDR	164	↓
Sweden	7	↑	Uzbekistan	164	↓
St. Lucia	9	↑	Vietnam	164	↓
Uruguay	10	↑	Bangladesh	155	↓

In 2017–20, labour and union rights deteriorated in 41% of countries. **South Korea** improved the most, as it ratified two important ILO conventions: the freedom of association and the right to organize, and collective bargaining.[127] However, it still performs poorly on this indicator.

Since 2020, there has been continuing deterioration in labour and union rights across the world. In **Zimbabwe**, for example, the 2023 Health Service Amendment Act criminalized strikes by healthcare workers, eroding workers' rights in one of the most critical sectors.[128] Workers' rights violations have also been under scrutiny in the **USA**, capturing the attention of UN Special rapporteur on poverty and human rights.[129]

5.2.2 WOMEN'S LABOUR RIGHTS (INDICATOR L1B)

This indicator includes sub-indicators on:

- laws on equal pay for work of equal value; non-discrimination in hiring; rape and sexual harassment; and
- the length of paid parental leave (i.e., maternal, paternal and parental leave).

In many countries, the gender pay gap is buttressed by regressive policies, discrimination and social norms that make women the default unpaid carers for children and families. Women's paid labour force participation is lower than that of men, and women are paid less than men. Women navigating the labour market with the odds already stacked against them must also balance their care duties, while trying to ensure their own wellbeing. In addition, the sectors in which women are concentrated – such as healthcare, social care and education – have been systematically undervalued and underpaid.

The top performers on women's labour rights are rich OECD countries due to strong laws against gender discrimination and generous paid parental leave policies**.** Coming in 43rd, **Nepal** leads the low- and lower middle-income countries, well ahead of many rich countries. **Table L6** shows top and bottom performers on the women's rights indicator.

TABLE L6 WOMEN'S LABOUR RIGHTS TOP AND BOTTOM 10 PERFORMERS

TOP 10			BOTTOM 10		
Country	Rank (out of 164)	Change since 2022 Index	Country	Rank (out of 164)	Change since 2022 Index
Romania	1	→	Tonga	164	↓
Estonia	2	→	Solomon Islands	163	↓
Slovakia	3	→	Nigeria	162	↓
Czechia	4	→	Afghanistan	161	↓
Hungary	5	→	Botswana	160	↓
Korea, Rep.	6	↑	Singapore	159	↓
Moldova	7	↓	Uzbekistan	158	↓
Croatia	8	↓	Papua New Guinea	157	↓
Slovenia	9	↓	Guinea-Bissau	156	↓
Austria	10	↓	Trinidad and Tobago	155	↓

Majority of countries not doing enough on paid parental leave
The average length of full paid parental leave remained unchanged from the 2022 CRI at 158 days for both parents. This includes an average of 100 days of full paid maternal leave, just a week of paternal leave and about 50 days of shared parental leave. However, this average obscures dramatic differences between countries. Only one in five meets the 18 weeks of paid maternal leave recommended by the ILO, and the **USA**, **Papua New Guinea**, **Lesotho** and **Tonga** have no laws on paid parental leave. Parental leave has improved considerably in EU countries in recent years, driven by new guidelines under the EU social pillar.

Some progress on equal pay, non-discrimination in hiring, sexual harassment and rape
Ending all forms of gender discrimination is key to eliminating the gender pay gap, equalizing the world of work and preventing sexual exploitation.

Since the 2022 CRI, **Tuvalu**[130] and **Sierra Leone**[131] introduced laws on equal pay and gender non-discrimination in hiring. However, in **Afghanistan**,[132] the Taliban government has been attacking the rights of women and girls, including forcing thousands out of paid work.

5.2.3 MINIMUM WAGE (INDICATOR L1C)

The minimum wage indicator compares national minimum wages to per capita GDP. While minimum wage is useful in ensuring that workers are not paid below a certain threshold, countries should progressively introduce living wages using the 2024 ILO methodology.[133]

In this edition of the CRI, minimum wage as a share of per capita GDP fell or stagnated in 46% of countries compared to the 2022 edition. More than half of the countries in sub-Saharan Africa saw a drop amid the soaring cost of living. However, several countries beefed up their minimum wage, with the largest increases as a share of per capita GDP in **Vanuatu**, Türkiye and **Niger**. Many countries in the EU have also substantially increased their minimum wages over the last few years, mostly with the aim of getting close to EU guidelines issued under the social pillar, which suggests 60% of the median wage.[134]

The top performers in this indicator are low- and lower middle-income countries in sub-Saharan Africa and South Asia, primarily because of their low per capita GDP. The **USA** is the rich country with the lowest minimum wage at 18% of per capita GDP; its federal minimum wage was last updated in 2009.[135] Alarmingly, some 16 countries do not have a national minimum wage (see **Table L7**).

TABLE L7 COUNTRIES WITH NO NATIONAL MINIMUM WAGE

Bahrain	India	South Sudan
Burundi*	Oman	St. Lucia
Cambodia	Rwanda*	Tonga
Ethiopia	Singapore	Tuvalu
Georgia*	Somalia	Uganda*
		Zimbabwe*

*Minimum wage was last updated more than 20 years ago

5.3 LABOUR RIGHTS COVERAGE (INDICATOR L2)

This indicator measures the level of vulnerable employment in the labour force. It combines unemployment and vulnerable employment.[136]

The best performers on labour rights coverage are high-income countries and regions (**Table L8**), as the majority of their workers are in formal employment and unemployment rates are very low**.** On the other hand, the countries at the bottom are low- and lower middle-income with high rates of informal employment and unemployment.

TABLE L8: LABOUR RIGHTS COVERAGE TOP AND BOTTOM 10 PERFORMERS

TOP 10			BOTTOM 10		
Country/region	**Rank (out of 164)**	**Change since 2022 Index**	**Country**	**Rank (out of 164)**	**Change since 2022 Index**
Norway	1	↑	Niger	164	↓
Belarus	2	↓	Central African Republic	163	↓
Germany	3	↓	Chad	162	↓
United States	4	→	South Sudan	161	↓
Russian Federation	5	↑	Sierra Leone	160	↓
Hong Kong SAR, China	6	↑	Mali	159	↓
Japan	7	→	Ethiopia	158	↓
Denmark	8	↓	Madagascar	157	↓
Bulgaria	9	↑	Nigeria	156	↓
Israel	10	↑	Tanzania	155	↓

Compared to the 2022 CRI, vulnerable employment increased in about 60% of countries including some highly populated countries,[137] while unemployment increased in minority of countries (13%). **Table L9** shows this indicator's top and bottom 10 risers and fallers compared to the 2022 CRI. Six of the top fallers are African. The third biggest faller, **Eswatini**, has the highest unemployment rate in the world, with nearly two in five workers unemployed. **South Africa**, with the second highest unemployment rate, dropped by 16 positions.

TABLE L9 LABOUR RIGHTS COVERAGE TOP 10 RISERS AND FALLERS

BIGGEST RISERS		BIGGEST FALLERS	
Country	Change since 2022 Index, rank	Country	Change since 2022 Index, rank
Lesotho	↑ 27	Moldova	↓ 66
Lebanon	↑ 19	Armenia	↓ 38
Guinea-Bissau	↑ 17	Eswatini	↓ 18
Tonga	↑ 16	Guatemala	↓ 17
Benin	↑ 13	Mauritania	↓ 17
Brazil	↑ 12	South Africa	↓ 16
Guinea	↑ 11	Congo, Dem. Rep.	↓ 14
Mongolia	↑ 10	Mali	↓ 14
Canada	↑ 10	Seychelles	↓ 14
North Macedonia	↑ 9	Greece	↓ 13

5.3.1 UNEMPLOYMENT (INDICATOR L2A)

In the CRI 2024, unemployment rate fell in all but 21 countries, as most recovered from COVID-19 pandemic-induced joblessness. On average, the unemployment rate fell from 8.3% in the 2022 CRI to 7.2%. Globally, some 168 million workers were jobless in 2023.

The unemployment rate is above 10% in 35 countries, with many in southern Africa having worrying levels. **Table L10** shows the top 10 countries that increased or reduced their unemployment rates the most (in percentage points) compared to the 2022 Index.

TABLE L10 UNEMPLOYMENT RATES TOP 10 REDUCTIONS AND INCREASES (PERCENTAGE POINTS)

BIGGEST REDUCTIONS			BIGGEST INCREASES		
Country	Unemployment rate, %	Change since CRI 2022 Index (percentage points)	Country	Unemployment rate, %	Change since CRI 2022 Index (percentage points)
Armenia	8.6	-12.3	Rwanda	14.9	+13.3
Costa Rica	8.3	-9.7	Eswatini	37.6	+11.9
Lesotho	16.5	-8.1	Angola	14.6	+6.1
Zambia	5.9	- 7.1	Nepal	10.7	+5.6
Nigeria	4.2	- 6.6	Yemen, Rep.	17.2	+3.6
Brazil	8.0	- 6.5	Zimbabwe	8.8	+3.6
St. Lucia	11.1	-5.8	Vanuatu	5.1	+2.9
South Africa	28.0	-5.6	Bhutan	5.7	+1.3
Bolivia	3.1	-5.4	Pakistan	5.5	+1.1
Panama	6.7	- 5.4	Afghanistan	14.4	+1.1

5.3.2 VULNERABLE EMPLOYMENT (INDICATOR L2B)

The majority of workers, especially in low- and lower middle-income countries, are in vulnerable employment. They work in deplorable conditions for long hours, lack job security, are paid poorly and do not enjoy labour rights such as paid maternal leave or collective bargaining. Women, girls, non-binary people and racialized communities are exploited more than others. In family businesses, women play vital roles, but they are often not remunerated and have little say in how decisions are made.[138]

Globally, two in three workers are in vulnerable employment, with the highest rates in low- and lower middle-income countries, particularly Africa and South Asia. In the Middle East, migrants, who constitute the majority of workers, are not covered by most existing labour rights and, in some cases, are subjected to the *kafala* system, a form of modern slavery.[139]

Compared to the 2022 CRI, vulnerable employment rose in about 60% of countries. **Table L11** shows top ten countries where vulnerable employment fell or increased the most.

TABLE L11 VULNERABLE EMPLOYMENT TOP 10 REDUCTIONS AND INCREASES

TOP REDUCTION			TOP INCREASES		
Country	**Vulnerable employment rate, %**	**Change since CRI Index 2022, percentage points**	**Country**	**Vulnerable employment rate, %**	**Change since CRI Index 2022, percentage points**
Lesotho	27.6	-11.7	Moldova	57.9	+37.5
Rwanda	54.4	-10.9	Armenia	56.4	+33.4
Vanuatu	54.7	-10.6	Mauritania	59.0	+12.0
Benin	76.4	-10.6	Nigeria	80.8	+10.7
Guinea	75.0	-10.5	South Africa	17.4	+10.5
Tonga	36.7	-9.2	Mali	82.5	+8.1
Guinea-Bissau	66.5	-9.2	Cabo Verde	30.6	+7.7
Zimbabwe	55.9	-8.3	Romania	20.8	+7.6
Lebanon	18.7	-6.8	Greece	26.7	+5.9
Mongolia	36.2	-6.4	Guatemala	38.2	+5.9

5.4 IMPACT OF INCOME ON INEQUALITY (INDICATOR L3)

This indicator looks at whether labour policies are reducing wage income inequality, and making the distribution of labour income fairer.

Overall, almost seven out of ten countries have a labour income Gini of 0.4 and higher, while only 12 countries have one below 0.3. Labour income inequality is highest in low- and lower middle-income countries in Africa and South Asia, a consequence of high rates of vulnerable employment and weak state redistribution policies. The 20 countries with the highest Gini of labour income are all in sub-Saharan Africa (see **Table L12**), where the top 10% of wage earners gobble up two thirds of all labour income, while the bottom 50% takes just 3.3%.

TABLE L12 GINI OF LABOUR INCOME TOP AND BOTTOM 10 PERFORMERS

TOP 10			BOTTOM 10		
Country	**Rank (out of 164)**	**Change since 2022 Index**	**Country**	**Rank (out of 164)**	**Change since 2022 Index**
Slovakia	1	↑	Niger	160	↓
Jordan	2	↓	Congo, Dem. Rep.	159	↓
Czechia	3	↑	Zambia	158	↓
Finland	4	→	Uganda	157	↓
Slovenia	5	↑	Liberia	156	↑
Greece	6	↑	Chad	155	↓
Romania	7	↑	Cote d'Ivoire	154	↓
Serbia	8	↑	Central African Republic	153	↑
Sweden	9	↑	Zimbabwe	152	↑
Iceland	10	↑	Togo	151	↓

Inequality in labour income worsened in more than half of the countries in the 2024 CRI compared to the 2022 edition. **Table L13** shows the 10 biggest risers and fallers in the ranks for this indicator. The highest absolute increase was in **Zambia**, where the Gini of labour rose by 0.17. In **Armenia** and **Bhutan**, labour income distribution increased by 27%. The Gini of labour income fell most in **Burundi** and **Mali** in absolute terms, 0.11 and 0.10, respectively.

TABLE L13 GINI OF INCOME DISTRIBUTION 10 BIGGEST RISERS AND FALLERS

BIGGEST RISERS		BIGGEST FALLERS	
Country	**Change since 2022 Index, rank**	**Country**	**Change since 2022 Index, rank**
Moldova	↑ 49	Oman	↓ 38
Armenia	↑ 46	Bahrain	↓ 36
Bhutan	↑ 34	Italy	↓ 35
Zambia	↑ 26	China	↓ 35
Bolivia	↑ 20	Djibouti	↓ 26
Panama	↑ 20	Mali	↓ 23
Vietnam	↑ 19	Bulgaria	↓ 23
Maldives	↑ 19	Austria	↓ 21
Belgium	↑ 16	Albania	↓ 21
France	↑ 15	Burundi	↓ 17

The widening pay gap is in large part due to the decline in union membership and union power over recent decades. This in turn has contributed to neoliberal economic policies that favour capital over labour, promote huge payouts by corporates to rich shareholders, support the rise of exorbitant CEO pay and facilitate the collapse in the taxation of the richest. In low- and middle-income countries, high rates of informal employment and lack of quality and publicly funded social services are contributing to labour income concentration. This is further compounded by gender discrimination.

In 2023, the average pay for the ten richest CEOs in the **United States** was US$137.5m, compared to just $65,470 for a typical US worker.[140] In 2022, the average CEO in the US was paid 344 times more than the typical worker.[141] Just six decades ago, this ratio was 21.[142]

CONCLUSION AND RECOMMENDATIONS

Inequality is not inevitable. It is a policy choice. Each country has the potential to reduce inequality. However, to succeed, countries will also need strong measures to be taken by the international community.

It is encouraging that inequality is now being better measured and mainstreamed by international organizations, with a new World Bank inequality indicator and potentially a new inequality indicator within SDG10. But both the IMF and World Bank (and the broader international community) need to step up their efforts to support countries in implementing policies that reduce inequality sharply.

As **priorities for governments**, we recommend the following, tailored to each country's existing achievements and level of development:

1. Develop clear national timebound plans to reduce inequality. All countries should put in place realistic and timebound National Inequality Reduction Plans (NIRPs) to reduce inequality, with regular monitoring to check their progress. Every country should be aiming for an income Gini coefficient of less than 0.3 and/or a Palma ratio of no more than 1. The NIRPs would contain the combination of policies identified in this index (as well as, for example, other structural policies on access to land and finance) that are estimated to reduce Gini and Palma to these levels. The impact of policies on these indicators will also need to be monitored annually (rather than every 3–5 years as currently) in lower-income countries through smaller sample surveys and modelling of the type used in OECD and UN Economic Commission for Latin America and the Caribbean countries.

2. Prioritize public spending on essential public services such as education, healthcare and social protection. All countries, particularly low- and lower middle-income countries, should ensure that their health budget is at least 15% of total public expenditure and education 20% – and that this spending benefits the poorest people by improving access to and quality of education, health and social protection, so that they maximize progress to universal coverage targeted by the SDGs.

3. Increase progressive taxation by taxing the income of the richest 1%, for example to a minimum of 60% of their income from both labour and capital, with higher rates for multi-millionaires and billionaires. The wealth of the super-rich should be taxed at rates high enough to reduce the concentration of extreme wealth, reduce inequality and lower power concentration. In addition, tax authorities, especially in low- and lower middle-income countries, should be strengthened, and establish high-net-wealth tax units to combat tax evasion and avoidance among the richest people.

4. Intervene in the labour market to protect all workers. All countries need to place even more emphasis on reducing the inequality produced by the labour markets by ratifying and enforcing all ILO standards to minimize violations. A few countries also need to introduce laws for anti-discrimination and equal pay, and against rape and sexual harassment. However, the main challenge now is to enforce these laws effectively. Parental leave needs to be lengthened and paid at 100% of prior earnings, as well as more evenly distributed between women and men. Minimum wages need to rise sharply in many countries, to at least match per capita GDP and 'living wages', which cover basic spending needs. Youth minimum wages that are lower than the national minimum wage should be eliminated. Governments should also explore measures to restrain the highest pay, such as caps on CEO-to-median workers' pay ratios of 20:1, and equitable distributions of companies' profits to workers and shareholders. Finally, they need to work harder to bring down unemployment and underemployment, and to ensure that vulnerable workers receive formal contracts or are covered by labour rights and social protection systems.

5. Develop gender-responsive policies to recognize, reduce and redistribute unpaid care work – and ensure that paid care workers are represented and rewarded justly. The public nature of care services needs to be clearly stated, i.e., the duty of the state as the primary provider of public care services. Care systems have the power to transform gender relations and women's lives: this includes the provision of fully paid parental, maternity and paternity leave. Redistribution of care work between men, women and the state is needed to reduce the care workload on women. This is in addition to challenging harmful social norms and racist, colonial and sexist beliefs that care work is the responsibility of women, girls, migrants and racialized communities.

As urgent **priorities for the international community, especially the World Bank and the IMF**, to help reduce inequality, we make the following recommendations:

6. Focus World Bank and IMF efforts on reducing inequality. Both the World Bank and the IMF should support country-owned governments' NIRPs and not undermine them. Country Partnership Assessments should clearly align with NIRPs. The World Bank and the IMF need to put reducing inequality at the centre of their efforts to promote growth, stability and development. This means prioritizing reducing inequality in all their loan programmes, policy advice, technical assistance and research – and making strong recommendations for higher and more pro-poor social spending, progressive taxation, and enhanced labour rights and minimum wages. Ideally, they should focus on increasing the number of countries with low inequality, rather than only reducing the number of countries with high inequality.

7. Working with the UN, the World Bank should systematically produce, publish and use data on the impact of fiscal action on inequality. The World Bank has a particular role to play, as one of the leading global actors supporting household surveys, and as the 'custodian' of the largest global inequality databank and of SDG indicators 10.1 and 10.4.2. It needs to produce more frequent and higher-quality data on inequality, including enhancing analysis of top incomes in developing countries using administrative tax data and other methods. The Bank should also help countries to move to annual tracking or modelling of inequality. It also needs to scale up its programme analysing the impact of fiscal policies on inequality to produce annual analysis for all member countries, and work with the ILO to establish a similar system to estimate the impact of labour market policies on wage inequality.

8. Reach and implement global agreements to tax super-rich individuals and corporations. The G20 and UN need to work further on developing better international standards to tax super-rich individuals and multinationals more effectively, through minimum effective tax rates on their income and wealth, and with a fair share of the resulting revenues coming to lower-income countries. In particular, they should build on initial progress on taxing rich individuals in the G20, and use the UN Tax Convention to strengthen and reform the inadequate OECD BEPS process.

9. Take urgent measures to tackle the debt crisis and increase concessional financing flows. The current crisis is mainly one of high debt service rather than stock, and for countries which have been accessing global and national commercial bond markets. The international community led by the G20, IMF, the World Bank and the UN need to take urgent measures to reduce debt service burdens by bringing down global interest rates, reducing borrowing costs for middle-income countries that have to go to the markets to fund their budgets, and providing long-term rescheduling or cancellation for lower-income countries. They also need to redouble efforts to provide more concessional financing, including through higher official development assistance and South-South cooperation, new issuances of Special Drawing Rights and by selling IMF gold. All these measures will help to free the maximum funds through to 2035 and to maximize anti-inequality spending on public services.

If the world's governments, supported by the international community, are able to implement these measures urgently, then we can accelerate progress in overcoming the inequality crisis, reducing conflict and reaching all the other SDGs.

ANNEX 1: CRI INDEX GLOBAL RANKINGS

TABLE A1.1 CRI 2024 INDEX RANK, ALL ECONOMIES

Economy	Public Services rank	Tax rank	Labour rank	CRI 2024 rank
Norway	17	1	2	1
Canada	6	10	18	2
Australia	18	2	36	3
Germany	9	17	13	4
Finland	2	58	7	5
Denmark	13	62	4	6
Austria	10	48	9	7
Japan	5	29	34	8
Slovenia	8	82	3	9
France	4	52	30	10
Portugal	19	41	25	11
Ireland	3	97	11	12
Israel	28	32	16	13
New Zealand	22	18	39	14
United Kingdom	11	40	37	15
Czechia	14	88	8	16
Poland	1	115	15	17
Croatia	15	74	10	18
Slovakia	21	106	1	19
Belgium	7	78	22	20
Italy	26	46	24	21
Iceland	32	86	5	22
Spain	25	61	28	23
Sweden	16	114	6	24
Korea, Rep.	37	8	48	25
United States	12	91	42	26
Estonia	24	103	20	27
Luxembourg	23	120	12	28
Chile	27	36	54	29
Lithuania	31	105	31	30
Belarus	30	31	64	31
Costa Rica	36	24	63	32
South Africa	38	4	85	33
Netherlands	20	136	23	34
Latvia	40	98	29	35
Serbia	55	57	33	36
Argentina	48	35	55	37
Kyrgyz Republic	71	6	57	38

Greece	29	135	38	39
Switzerland	34	142	21	40
Colombia	45	20	84	41
Uruguay	54	64	49	42
Jordan	100	14	44	43
Hungary	42	148	14	44
Cyprus	41	143	17	45
Russian Federation	44	111	43	46
Mongolia	52	49	68	47
Kiribati	76	12	76	48
Namibia	33	25	109	49
Ukraine	43	122	47	50
Malta	49	146	19	51
Seychelles	80	81	41	52
Mauritius	53	107	50	53
Lesotho	97	3	89	54
Tajikistan	77	47	62	55
Paraguay	51	85	66	56
Moldova	46	90	77	57
China	57	15	107	58
Tunisia	93	26	73	59
Kazakhstan	39	123	65	60
Romania	59	141	27	61
Ecuador	60	33	92	62
Mexico	50	70	87	63
Algeria	86	11	93	64
El Salvador	94	60	56	65
Maldives	105	22	71	66
Malaysia	63	73	78	67
Türkiye	70	100	59	68
Bulgaria	47	157	35	69
Barbados	89	110	51	70
Uzbekistan	35	87	115	71
Georgia	69	51	95	72
Morocco	90	21	97	73
Thailand	67	37	108	74
Guyana	79	132	53	75
North Macedonia	61	159	26	76
Bolivia	65	104	86	77
Brazil	82	92	80	78
Tuvalu	78	59	98	79
Hong Kong SAR, China	62	152	45	80
Occupied Palestinian Territory	68	158	32	81

Botswana	56	28	135	82
Jamaica	87	94	81	83
Albania	72	129	70	84
Antigua and Barbuda	83	149	46	85
St. Vincent and the Grenadines	101	113	69	86
Azerbaijan	95	80	91	87
Peru	84	66	106	88
Montenegro	64	160	40	89
Egypt, Arab Rep.	107	101	74	90
Eswatini	74	56	126	91
Honduras	120	43	88	92
Cabo Verde	96	118	79	93
Vietnam	103	38	120	94
Bahamas, The	66	161	52	95
Kenya	111	7	132	96
Samoa	91	151	58	97
Dominican Republic	88	144	72	98
Trinidad and Tobago	75	153	75	99
Guatemala	117	65	90	100
Belize	106	137	67	101
Singapore	73	155	61	102
Cambodia	138	5	114	103
Fiji	102	134	82	104
Indonesia	112	50	112	105
Iran	58	131	117	106
St. Lucia	109	147	60	107
Armenia	81	138	100	108
Philippines	119	93	94	109
Timor-Leste	115	76	105	110
Senegal	118	53	116	111
Togo	131	27	123	112
Zambia	116	9	155	113
Djibouti	124	30	133	114
Nepal	114	63	128	115
Yemen, Rep.	154	13	122	116
Malawi	142	68	104	117
Sri Lanka	132	95	99	118
Oman	98	112	134	119
Sao Tome and Principe	104	140	103	120
Panama	85	156	102	121
Bhutan	110	34	160	122
Benin	127	45	144	123
Bangladesh	135	71	118	124

Lebanon	113	154	83	125
Burkina Faso	128	39	147	126
India	129	16	156	127
Tonga	99	150	111	128
Mali	136	44	142	129
Lao PDR	149	19	150	130
Iraq	121	145	96	131
Tanzania	153	23	148	132
Papua New Guinea	143	55	141	133
Angola	152	75	125	134
Gambia, The	141	96	124	135
Solomon Islands	108	133	136	136
Ghana	139	72	138	137
Mozambique	123	119	131	138
Rwanda	145	69	140	139
Congo, Rep.	134	130	110	140
Pakistan	162	89	113	141
Mauritania	126	127	129	142
Congo, Dem. Rep.	133	54	158	143
Afghanistan	155	99	127	144
Chad	161	42	153	145
Guinea Bissau	157	116	121	146
Bahrain	92	163	130	147
Cameroon	146	84	152	148
Madagascar	137	128	137	149
Ethiopia	140	83	159	150
Niger	156	67	154	151
Cote d'Ivoire	130	124	149	152
Somalia	163	125	119	153
Guinea	160	102	145	154
Burundi	144	108	151	155
Sierra Leone	147	121	146	156
Liberia	150	126	139	157
Central African Republic	159	77	157	158
Uganda	148	79	161	159
Zimbabwe	125	117	162	160
Haiti	151	139	143	161
Vanuatu	122	164	101	162
Nigeria	158	109	164	163
South Sudan	164	162	163	164

ANNEX 2: CRI INDEX REGIONAL RANKINGS

TABLE A2.1: EAST AND SOUTH ASIA AND THE PACIFIC

Economy	Public Services rank	Tax rank	Labour rank	Regional CRI 2024 rank	Overall CRI 2024 rank
Australia	18	2	36	1	3
Japan	5	29	34	2	8
New Zealand	22	18	39	3	14
Korea, Rep.	37	8	48	4	25
Mongolia	52	49	68	5	47
Kiribati	76	12	76	6	48
China	57	15	107	7	58
Maldives	105	22	71	8	66
Malaysia	63	73	78	9	67
Thailand	67	37	108	10	74
Tuvalu	78	59	98	11	79
Hong Kong SAR, China	62	152	45	12	80
Vietnam	103	38	120	13	94
Samoa	91	151	58	14	97
Singapore	73	155	61	15	102
Cambodia	138	5	114	16	103
Fiji	102	134	82	17	104
Indonesia	112	50	112	18	105
Philippines	119	93	94	19	109
Timor-Leste	115	76	105	20	110
Nepal	114	63	128	21	115
Sri Lanka	132	95	99	22	118
Bhutan	110	34	160	23	122
Bangladesh	135	71	118	24	124
India	129	16	156	25	127
Tonga	99	150	111	26	128
Lao PDR	149	19	150	27	130
Papua New Guinea	143	55	141	28	133
Solomon Islands	108	133	136	29	136
Pakistan	162	89	113	30	141
Afghanistan	155	99	127	31	144
Vanuatu	122	164	101	32	162

TABLE A2.2: EUROPE AND CENTRAL ASIA

Economy	Public Services rank	Tax rank	Labour rank	Regional CRI 2024 rank	Overall CRI 2024 rank
Norway	17	1	2	1	1
Germany	9	17	13	2	4
Finland	2	58	7	3	5
Denmark	13	62	4	4	6
Austria	10	48	9	5	7
Slovenia	8	82	3	6	9
France	4	52	30	7	10
Portugal	19	41	25	8	11
Ireland	3	97	11	9	12
United Kingdom	11	40	37	10	15
Czechia	14	88	8	11	16
Poland	1	115	15	12	17
Croatia	15	74	10	13	18
Slovakia	21	106	1	14	19
Belgium	7	78	22	15	20
Italy	26	46	24	16	21
Iceland	32	86	5	17	22
Spain	25	61	28	18	23
Sweden	16	114	6	19	24
Estonia	24	103	20	20	27
Luxembourg	23	120	12	21	28
Lithuania	31	105	31	22	30
Belarus	30	31	64	23	31
Netherlands	20	136	23	24	34
Latvia	40	98	29	25	35
Serbia	55	57	33	26	36
Kyrgyz Republic	71	6	57	27	38
Greece	29	135	38	28	39
Switzerland	34	142	21	29	40
Hungary	42	148	14	30	44
Cyprus	41	143	17	31	45
Russian Federation	44	111	43	32	46
Ukraine	43	122	47	33	50
Malta	49	146	19	34	51
Tajikistan	77	47	62	35	55
Moldova	46	90	77	36	57
Kazakhstan	39	123	65	37	60
Romania	59	141	27	38	61
Türkiye	70	100	59	39	68
Bulgaria	47	157	35	40	69
Uzbekistan	35	87	115	41	71

Georgia	69	51	95	42	72
North Macedonia	61	159	26	43	76
Albania	72	129	70	44	84
Azerbaijan	95	80	91	45	87
Montenegro	64	160	40	46	89
Armenia	81	138	100	47	108

TABLE A2.3 LATIN AMERICA AND THE CARIBBEAN

Economy	Public Services rank	Tax rank	Labour rank	Regional CRI 2024 rank	Overall CRI 2024 rank
Chile	27	36	54	1	29
Costa Rica	36	24	63	2	32
Argentina	48	35	55	3	37
Colombia	45	20	84	4	41
Uruguay	54	64	49	5	42
Paraguay	51	85	66	6	56
Ecuador	60	33	92	7	62
Mexico	50	70	87	8	63
El Salvador	94	60	56	9	65
Barbados	89	110	51	10	70
Guyana	79	132	53	11	75
Bolivia	65	104	86	12	77
Brazil	82	92	80	13	78
Jamaica	87	94	81	14	83
Antigua and Barbuda	83	149	46	15	85
St. Vincent and the Grenadines	101	113	69	16	86
Peru	84	66	106	17	88
Honduras	120	43	88	18	92
Bahamas, The	66	161	52	19	95
Dominican Republic	88	144	72	20	98
Trinidad and Tobago	75	153	75	21	99
Guatemala	117	65	90	22	100
Belize	106	137	67	23	101
St. Lucia	109	147	60	24	107
Panama	85	156	102	25	121
Haiti	151	139	143	26	161

TABLE A2.4 MIDDLE EAST AND NORTH AFRICA

Economy	Public Services rank	Tax rank	Labour rank	Regional CRI 2024 rank	Overall CRI 2024 rank
Israel	28	32	16	1	13
Jordan	100	14	44	2	43
Tunisia	93	26	73	3	59
Algeria	86	11	93	4	64
Morocco	90	21	97	5	73
Occupied Palestinian Territory	68	158	32	6	81
Egypt, Arab Rep.	107	101	74	7	90
Iran	58	131	117	8	106
Djibouti	124	30	133	9	114
Yemen, Rep.	154	13	122	10	116
Oman	98	112	134	11	119
Lebanon	113	154	83	12	125
Iraq	121	145	96	13	131
Bahrain	92	163	130	14	147

TABLE A2.5 SUB-SAHARAN AFRICA

Economy	Public Services rank	Tax rank	Labour rank	Regional CRI 2024 rank	Overall CRI 2024 rank
South Africa	38	4	85	1	33
Namibia	33	25	109	2	49
Seychelles	80	81	41	3	52
Mauritius	53	107	50	4	53
Lesotho	97	3	89	5	54
Botswana	56	28	135	6	82
Eswatini	74	56	126	7	91
Cabo Verde	96	118	79	8	93
Kenya	111	7	132	9	96
Senegal	118	53	116	10	111
Togo	131	27	123	11	112
Zambia	116	9	155	12	113
Malawi	142	68	104	13	117
Sao Tome and Principe	104	140	103	14	120
Benin	127	45	144	15	123
Burkina Faso	128	39	147	16	126
Mali	136	44	142	17	129
Tanzania	153	23	148	18	132
Angola	152	75	125	19	134
Gambia, The	141	96	124	20	135
Ghana	139	72	138	21	137
Mozambique	123	119	131	22	138

Rwanda	145	69	140	23	139
Congo, Rep.	134	130	110	24	140
Mauritania	126	127	129	25	142
Congo, Dem. Rep.	133	54	158	26	143
Chad	161	42	153	27	145
Guinea-Bissau	157	116	121	28	146
Cameroon	146	84	152	29	148
Madagascar	137	128	137	30	149
Ethiopia	140	83	159	31	150
Niger	156	Gui67	154	32	151
Cote d'Ivoire	130	124	149	33	152
Somalia	163	125	119	34	153
Guinea	160	102	145	35	154
Burundi	144	108	151	36	155
Sierra Leone	147	121	146	37	156
Liberia	150	126	139	38	157
Central African Republic	159	77	157	39	158
Uganda	148	79	161	40	159
Zimbabwe	125	117	162	41	160
Nigeria	158	109	164	42	163
South Sudan	164	162	163	43	164

ANNEX 3: CRI INDEX RANKED BY INCOME GROUP

TABLE A3.1 OECD MEMBERS

Economy	Public Services rank	Tax rank	Labour rank	Group CRI 2024 rank	Overall CRI 2024 rank
Norway	17	1	2	1	1
Canada	6	10	18	2	2
Australia	18	2	36	3	3
Germany	9	17	13	4	4
Finland	2	58	7	5	5
Denmark	13	62	4	6	6
Austria	10	48	9	7	7
Japan	5	29	34	8	8
Slovenia	8	82	3	9	9
France	4	52	30	10	10
Portugal	19	41	25	11	11
Ireland	3	97	11	12	12
Israel	28	32	16	13	13
New Zealand	22	18	39	14	14
United Kingdom	11	40	37	15	15
Czechia	14	88	8	16	16
Poland	1	115	15	17	17
Slovakia	21	106	1	18	19
Belgium	7	78	22	19	20
Italy	26	46	24	20	21
Iceland	32	86	5	21	22
Spain	25	61	28	22	23
Sweden	16	114	6	23	24
Korea, Rep.	37	8	48	24	25
United States	12	91	42	25	26
Estonia	24	103	20	26	27
Luxembourg	23	120	12	27	28
Chile	27	36	54	28	29
Netherlands	20	136	23	29	34
Latvia	40	98	29	30	35
Greece	29	135	38	31	39
Switzerland	34	142	21	32	40
Hungary	42	148	14	33	44
Mexico	50	70	87	34	63
Türkiye	70	100	59	35	68

TABLE A3.2 LOW-INCOME COUNTRIES

Economy	Public Services rank	Tax rank	Labour rank	Income group CRI 2024 rank	Overall CRI 2024 rank
Togo	131	27	123	1	112
Yemen, Rep.	154	13	122	2	116
Malawi	142	68	104	3	117
Burkina Faso	128	39	147	4	126
Mali	136	44	142	5	129
Gambia, The	141	96	124	6	135
Mozambique	123	119	131	7	138
Rwanda	145	69	140	8	139
Congo, Dem. Rep.	133	54	158	9	143
Afghanistan	155	99	127	10	144
Chad	161	42	153	11	145
Guinea-Bissau	157	116	121	12	146
Madagascar	137	128	137	13	149
Ethiopia	140	83	159	14	150
Niger	156	67	154	15	151
Somalia	163	125	119	16	153
Burundi	144	108	151	17	155
Sierra Leone	147	121	146	18	156
Liberia	150	126	139	19	157
Central African Republic	159	77	157	20	158
Uganda	148	79	161	21	159
South Sudan	164	162	163	22	164

TABLE A3.3 LOWER MIDDLE-INCOME COUNTRIES

Economy	Public Services rank	Tax rank	Labour rank	Income group CRI 2024 rank	Overall CRI 2024 rank
Kyrgyz Republic	71	6	57	1	38
Jordan	100	14	44	2	43
Mongolia	52	49	68	3	47
Kiribati	76	12	76	4	48
Ukraine	43	122	47	5	50
Lesotho	97	3	89	6	54
Tajikistan	77	47	62	7	55
Tunisia	93	26	73	8	59
Algeria	86	11	93	9	64
Uzbekistan	35	87	115	10	71
Morocco	90	21	97	11	73
Bolivia	65	104	86	12	77
Egypt, Arab Rep.	107	101	74	13	90
Eswatini	74	56	126	14	91
Honduras	120	43	88	15	92
Cabo Verde	96	118	79	16	93
Vietnam	103	38	120	17	94
Kenya	111	7	132	18	96
Samoa	91	151	58	19	97
Cambodia	138	5	114	20	103
Iran	58	131	117	21	106
Philippines	119	93	94	22	109
Timor-Leste	115	76	105	23	110
Senegal	118	53	116	24	111
Zambia	116	9	155	25	113
Djibouti	124	30	133	26	114
Nepal	114	63	128	27	115
Sri Lanka	132	95	99	28	118
Sao Tome and Principe	104	140	103	29	120
Bhutan	110	34	160	30	122
Benin	127	45	144	31	123
Bangladesh	135	71	118	32	124
Lebanon	113	154	83	33	125
India	129	16	156	34	127
Lao PDR	149	19	150	35	130
Tanzania	153	23	148	36	132
Papua New Guinea	143	55	141	37	133
Angola	152	75	125	38	134
Solomon Islands	108	133	136	39	136
Ghana	139	72	138	40	137

Congo, Rep.	134	130	110	41	140
Pakistan	162	89	113	42	141
Mauritania	126	127	129	43	142
Cameroon	146	84	152	44	148
Cote d'Ivoire	130	124	149	45	152
Guinea	160	102	145	46	154
Zimbabwe	125	117	162	47	160
Haiti	151	139	143	48	161
Vanuatu	122	164	101	49	162
Nigeria	158	109	164	50	163

TABLE A3.4 UPPER MIDDLE-INCOME COUNTRIES

Economy	Public Services rank	Tax rank	Labour rank	Income group CRI 2024 rank	Overall CRI 2024 rank
Belarus	30	31	64	1	31
Costa Rica	36	24	63	2	32
South Africa	38	4	85	3	33
Serbia	55	57	33	4	36
Argentina	48	35	55	5	37
Colombia	45	20	84	6	41
Russian Federation	44	111	43	7	46
Namibia	33	25	109	8	49
Mauritius	53	107	50	9	53
Paraguay	51	85	66	10	56
Moldova	46	90	77	11	57
China	57	15	107	12	58
Kazakhstan	39	123	65	13	60
Ecuador	60	33	92	14	62
Mexico	50	70	87	15	63
El Salvador	94	60	56	16	65
Maldives	105	22	71	17	66
Malaysia	63	73	78	18	67
Türkiye	70	100	59	19	68
Bulgaria	47	157	35	20	69
Georgia	69	51	95	21	72
Thailand	67	37	108	22	74
North Macedonia	61	159	26	23	76
Brazil	82	92	80	24	78
Tuvalu	78	59	98	25	79
Occupied Palestinian Territory	68	158	32	26	81
Botswana	56	28	135	27	82
Jamaica	87	94	81	28	83
Albania	72	129	70	29	84
St. Vincent and the Grenadines	101	113	69	30	86
Azerbaijan	95	80	91	31	87
Peru	84	66	106	32	88
Montenegro	64	160	40	33	89
Dominican Republic	88	144	72	34	98
Guatemala	117	65	90	35	100
Belize	106	137	67	36	101
Fiji	102	134	82	37	104
Indonesia	112	50	112	38	105
St. Lucia	109	147	60	39	107
Armenia	81	138	100	40	108
Tonga	99	150	111	41	128
Iraq	121	145	96	42	131

TABLE A3.5 HIGH-INCOME COUNTRIES/REGION

Economy	Public Services rank	Tax rank	Labour rank	Income group CRI 2024 rank	Overall CRI 2024 rank
Norway	17	1	2	1	1
Canada	6	10	18	2	2
Australia	18	2	36	3	3
Germany	9	17	13	4	4
Finland	2	58	7	5	5
Denmark	13	62	4	6	6
Austria	10	48	9	7	7
Japan	5	29	34	8	8
Slovenia	8	82	3	9	9
France	4	52	30	10	10
Portugal	19	41	25	11	11
Ireland	3	97	11	12	12
Israel	28	32	16	13	13
New Zealand	22	18	39	14	14
United Kingdom	11	40	37	15	15
Czechia	14	88	8	16	16
Poland	1	115	15	17	17
Croatia	15	74	10	18	18
Slovakia	21	106	1	19	19
Belgium	7	78	22	20	20
Italy	26	46	24	21	21
Iceland	32	86	5	22	22
Spain	25	61	28	23	23
Sweden	16	114	6	24	24
Korea, Rep.	37	8	48	25	25
United States	12	91	42	26	26
Estonia	24	103	20	27	27
Luxembourg	23	120	12	28	28
Chile	27	36	54	29	29
Lithuania	31	105	31	30	30
Netherlands	20	136	23	31	34
Latvia	40	98	29	32	35
Greece	29	135	38	33	39
Switzerland	34	142	21	34	40
Uruguay	54	64	49	35	42
Hungary	42	148	14	36	44
Cyprus	41	143	17	37	45
Malta	49	146	19	38	51
Seychelles	80	81	41	39	52

Romania	59	141	27	40	61
Barbados	89	110	51	41	70
Guyana	79	132	53	42	75
Hong Kong SAR, China	62	152	45	43	80
Antigua and Barbuda	83	149	46	44	85
Bahamas, The	66	161	52	45	95
Trinidad and Tobago	75	153	75	46	99
Singapore	73	155	61	47	102
Oman	98	112	134	48	119
Panama	85	156	102	49	121
Bahrain	92	163	130	50	147

NOTES

All links last accessed 18 August 2024, except where specified.

1 Laguera Gonzalez, J., Ravanos, P. and Smallenbroek, O.,(2024). *JRC Statistical Audit of the Commitment to Reducing Inequality index 2024.* Publications Office of the European Union, Luxembourg, 2024. https://data.europa.eu/doi/10.2760/4586505, JRC138805

2 World Bank. (2022). *Poverty and Shared Prosperity 2022: Correcting Course.* https://openknowledge.worldbank.org/server/api/core/bitstreams/b96b361a-a806-5567-8e8a-b14392e11fa0/content

3 Ibid.

4 Between 2013 and 2024, the number of billionaires in the world increased from 1,426 to 2,781, an increase of 95%. Forbes. (2024). *The World's Real-Time Billionaires.* https://www.forbes.com/real-time-billionaires/#1696145a3d78

5 Laguera Gonzalez, J., Ravanos, P. and Smallenbroek, O.,(2024). *JRC Statistical Audit of the Commitment to Reducing Inequality index 2024.* Publications Office of the European Union, Luxembourg, 2024. https://data.europa.eu/doi/10.2760/4586505, JRC138805

6 World Bank. (2023). Poverty and Inequality Platform (version 20230919_2017_01_02_PROD) [Data set]. World Bank Group. https://pip.worldbank.org/

7 Lakner, C. and Milanović, B. (2013). Tracking global income distribution: From the Fall of the Berlin Wall to the Great Recession. https://documents1.worldbank.org/curated/pt/914431468162277879/pdf/WPS6719.pdf

8 Oxfam Denmark. (n.d). *På tyve år er top 1 pct. indkomst i snit steget 16 gange mere end for gennemsnitsdanskeren.* https://oxfam.dk/documents/analyser/oekonomi/oxfamdk_indkomstanalyse_rapport_final.pdf

9 A new law in 2023 redefined all maternity, paternity and parental leave pay as 'parental leave pay', with a rise from 18 weeks in 2022 by two weeks a year to 26 weeks in 2026 (reserved days for a partner will rise from 14 in 2023 to 28 in 2026). In 2024, 22 weeks are paid at minimum wage, which is 54% of the average salary, according to the OECD.

10 Debt Sustainability Analysis (DSA) can be found at World Bank Group. (n.d.). *Debt & Fiscal Risks Toolkit: Debt Sustainability Analysis (DSA)* https://www.worldbank.org/en/programs/debt-toolkit/dsa

11 Dabla-Norris, E., Kochhar, K, Suphaphiphat, N., Ricka, F. and Tsounta, E. (2015). *Causes and Consequences of Income Inequality: A Global Perspective. IMF Staff Discussion Note SDN/15/13. IMF.* https://www.imf.org/external/pubs/ft/sdn/2015/sdn1513.pdf

12 Wollburg, P., Hallegatte, S. and Mahler D. (2023). *The Climate Implications of Ending Global Poverty (English). Policy Research working paper ; no. WPS 10318. World Bank.* http://documents.worldbank.org/curated/en/099557002242323911/IDU1bbf17510161a9145531b57a1ccaba7a1dc79

13 Ostry, J.D., Berg, A. and Tsangarides, C.G. (2014). *Redistribution, inequality, and growth. IMF Staff Discussion Note No. SDN/14/02. International Monetary Fund (IMF).* https://www.imf.org/en/About/Factsheets/IMF-at-a-Glance

14 Grigoli, F. (11 May 2017). *A new twist in the link between inequality and economic development. IMF Blog.* https://www.imf.org/en/Blogs/Articles/2017/05/11/a-new-twist-in-the-link-between-inequality-and-economic-development

15 Pickett, S. and Wilkinson, R.G. (2015). *Income inequality and health: A causal review. New York University School of Law.* http://www.law.nyu.edu/sites/default/files/upload_documents/Income%20inequality%20and%20health_%20A%20causal%20review.pdf

16 OECD. (2024). *Career guidance, social inequality and social mobility: Insights from international data. OECD Education Spotlights No. 11. OECD.* https://doi.org/10.1787/e98d0ae7-en.

17 Fehr, D., Rau, H., Trautmann, S.T. and Xu, Y. (2020). 'Inequality, fairness and social capital'. *European Economic Review* Volume 129, October 2020, 103566. https://doi.org/10.1016/j.euroecorev.2020.103566

18 Wilkinson, R. and Pickett, K. (2022, May). *From inequality to sustainability. Earth4All.* https://www.clubof-rome.org/wp-content/uploads/2022/05/Earth4All_Deep_Dive_Wilkinson_Pickett.pdf

19 Chancel, L., Voituriez, T. and Bothe, P. (2023). *Climate Inequality Report 2023: Fair taxes for a sustainable future in the Global South. World Inequality Lab.* https://wid.world/wp-content/uploads/2023/01/CBV2023-ClimateInequalityReport-3.pdf

20 Khalfan, A., Nilsson Lewis, A., Aguilar, C., Lawson, M., Jayoussi, S., Persson, J., Dabi, N. and Acharya, S. (2023) *Climate Equality: A Planet for the 99%. Oxfam.* https://policy-practice.oxfam.org/resources/climate-equality-a-planet-for-the-99-621551/

21 Gu, Y. and Wang, Z. (2022). 'Income Inequality and Global Political Polarization: The Economic Origin of Political Polarization in the World'. *J Chin Polit Sci. 2022;27(2):375-398. doi: 10.1007/s11366-021-09772-1.* https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8608558/

22 Gupta, S., Davoodi, H. and Alonso-Terme, R. (1998). *Does corruption affect income inequality and poverty? IMF Working Paper No. WP/98/76). IMF.* https://www.imf.org/external/pubs/ft/wp/wp9876.pdf

23 Chong, A. and Gradstein, M. (2004). *Inequality and Institutions. Working Paper, No. 506, Inter-American Development Bank..* https://www.econstor.eu/bitstream/10419/88004/1/idb-wp_506.pdf

24 Gould, E. and Hizjen, A. (2016). *Growing Apart, Losing Trust? The Impact of Inequality on Social Capital. IMF Working Paper No. WP/16/176. IMF.* https://www.imf.org/external/pubs/ft/wp/2016/wp16176.pdf

25 Grover, C. (2008). Crime and Inequality (1st ed.). Willan. https://doi.org/10.4324/9781315880747

26 Gonzales, C., Jain-Chandra, S. and Kochhar, K. (2015). *Catalyst for Change: Empowering Women and Tackling Income Inequality. IMF Staff Discussion Note No. SDN/15/20. IMF.* https://www.imf.org/external/pubs/ft/sdn/2015/sdn1520.pdf

27 Lawson, M., Chan, M-K., Rhodes, F., Parvez Butt, A., Marriott, A., Ehmke, E., Jacobs, D., Seghers, J., Atienza, J. and Gowland, R. (2019). *Public Good or Private Wealth? Universal health, education and other public services reduce the gap between rich and poor, and between women and men. Oxfam.* https://policy-practice.oxfam.org/resources/private-wealth-or-public-good-620599/

28 This includes countries with outstanding loans from International Bank for Reconstruction and Development (IBRD) https://finances.worldbank.org/Loans-and-Credits/IBRD-Country-wise-Loan-summary/5xqk-t59j/about_data and International Development Association (IDA) https://ida.worldbank.org/en/financing.

29 See the IMF credit outstanding per country https://www.imf.org/external/np/fin/tad/balmov2.aspx?-type=TOTAL

30 Kamande, A. (26 July 2023). *How the United Nations and the World Bank can turbo charge the effort to reduce inequality. From Poverty to Power. Retrieved from.* https://frompoverty.oxfam.org.uk/how-the-united-nations-and-the-world-bank-can-turbo-charge-the-effort-to-reduce-inequality/

31 Haddad, C.N., Mahler, D.G., Diaz-Bonilla, C., Hill, R., Lakner, C. and Lara Ibarra, G. (June 2024). *The World Bank's New Inequality Indicator : The Number of Countries with High Inequality (English). Policy Research working paper no. WPS 10796. World Bank.* http://documents.worldbank.org/curated/en/099549506102441825/IDU1bd155bac16d78143af188331f87564a9d6c8

32 World Bank. (2023). *Poverty and Inequality Platform (version 20230919_2017_01_02_PROD) [Data set]. World Bank Group.* https://pip.worldbank.org/

33 Over 400 regular Demographic and Health Surveys by USAID disaggregate by wealth quintile and are all available here: https://dhsprogram.com/

34 The list of shortlisted proposals can be found on the UN SDG website: https://unstats.un.org/sdgs/iaeg-sdgs/2025-comprehensive-review/

35 For a full discussion of this evidence base, see for example Lawson, M. et al. (2019) *Public Good, not Private Wealth. Oxfam.* https://policy-practice.oxfam.org/resources/private-wealth-or-public-good-620599/

36 Mariott, A. (2023) *Sick Development: How rich-country government and World Bank funding to for-profit private hospitals causes harm, and why it should be stopped. Oxfam.* https://policy-practice.oxfam.org/resources/sick-development-how-rich-country-government-and-world-bank-funding-to-for-prof-621529/
Taneja, A. and Sarkar, A. (2023) *First, Do No Harm: Examining the impact of the IFC's support to private healthcare in India. Oxfam.* https://www.oxfam.org/en/research/first-do-no-harm-examining-impact-ifcs-support-private-healthcare-india

37 Gabani, J. (2022). 'The effect of health financing systems on health system outcomes: A cross-country panel analysis'. *Health Economics 32(3): 574–619.* https://onlinelibrary.wiley.com/doi/10.1002/hec.4635?af=R
Wagstaff, A. and Neelsen, S. (2020). 'A comprehensive assessment of universal health coverage in 111 countries: A retrospective observational study'. *Lancet Global Health 8(1), e39–e49.* https://doi.org/10.1016/s2214-109x(19)30463-2

38 Mathiasen, K. (30 April 2024). *Bridge over Troubled Waters: Accountability at the IFC. Center for Global Development.* https://www.cgdev.org/blog/bridge-over-troubled-waters-accountability-ifc

39 UN News. (29 February 2024). *UN issues global alert over teacher shortage.* https://news.un.org/en/story/2024/02/1147067

40 UNESCO. (2023). *Global Education Monitoring Report 2023: Technology in education: A tool on whose terms?* https://unesdoc.unesco.org/ark:/48223/pf0000385723

41 Gruijters, R.J., Abango, M.A., and Casely-Hayford, L. (2024). 'Secondary School Fee Abolition in Sub-Saharan Africa: Taking Stock of the Evidence'. *Comparative Education Review 68(3).* https://doi.org/10.1086/731496

42 Fredriksen, B. and Craissati, D. (eds.) (2009) *Abolishing school fees in Africa : lessons from Ethiopia, Ghana, Kenya, Malawi, and Mozambique. Available at:* http://documents.worldbank.org/curated/en/780521468250868445/Abolishing-school-fees-in-Africa-lessons-from-Ethiopia-Ghana-Kenya-Malawi-and-Mozambique

43 World Bank. (2022). *Charting a Course Towards Universal Social Protection: Resilience, Equity, and Opportunity for All.* https://www.worldbank.org/en/topic/socialprotectionandjobs/publication/charting-a-course-towards-universal-social-protection-resilience-equity-and-opportunity-for-all

44 World Bank. (21 September 2016). *World Bank, ILO Announce New Push for Universal Social Protection. Press release.* https://www.worldbank.org/en/news/press-release/2016/09/21/world-bank-ilo-announce-new-push-for-universal-social-protection

45 Marcos Barba, L., van Regenmortel, H. and Ehmke, E. (2020). *Shelter from the Storm: The global need for universal social protection in times of COVID-19. Oxfam.* https://policy-practice.oxfam.org/resources/shelter-from-the-storm-the-global-need-for-universal-social-protection-in-times-621132/

46 Ibid.

47 de Freitas Moura, B. (25 July 2024). *Brazil aims to tax super-rich to fund Alliance against Hunger. Agencia-Brasil.* https://agenciabrasil.ebc.com.br/en/direitos-humanos/noticia/2024-07/brazil-aims-tax-super-rich-fund-alliance-against-hunger

48 The World Bank has already acknowledged the importance of progressive taxation during the IDA20 replenishment, which resulted in a new RMS indicator *'IDA countries with increased tax fairness and progressivity (number)', and furthermore highlighted that DRM efforts should be 'equitable (fair and progressive)' and 'verified using fiscal incidence analysis or other methods''. We are asking that the new corporate scorecard indicator similarly recognizes the importance of making DRM more progressive.*
The World Bank is the official custodian for SDG 10.4.2 – the measure of equity in fiscal policy – which is the background for the IDA20 indicator. The IDA19 Deputies' Report similarly emphasized the *'importance of helping countries to collect not only more, but better tax revenues'.*
The World Bank's own IDA20 report said *'there is a need to address this over-reliance by IDA countries on regressive taxes'. World Bank Group. (2022). Additions to IDA Resources: Twentieth Replenishment. Building Back Better from the Crisis: Toward a Green, Resilient and Inclusive Future.* https://documents.worldbank.org/en/publication/documents-reports/documentdetail/163861645554924417/ida20-building-back-better-from-the-crisis-toward-a-green-resilient-and-inclusive-future

49 The new corporate scorecard indicator is 'Countries with tax revenue-to-GDP ratios (including social security contributions) below or equal to 15%'. *See World Bank. (n.d.). WBG Scorecard: Effective Macroeconomic and Fiscal Management.* https://scorecard.worldbank.org/en/scorecard/effective-macroeconomic-and-fiscal-management

50 The indicators were dropped from the Doing Business report scores in 2014, on the grounds that their anti-labour regulation bias was unrepresentative of World Bank Board members' policy preferences, but data continued to be collected on them until 2019. For a flavour of that anti-regulation content in the indicators, see World Bank. (2019) *Employing Workers*. https://www.worldbank.org/en/research/employing-workers.
The Doing Business report ceased publication in 2020, after major questions were raised around the reliability of its assessments. World Bank. (16 September 2021). *World Bank Group to Discontinue Doing Business Report*. https://www.worldbank.org/en/news/statement/2021/09/16/world-bank-group-to-discontinue-doing-business-report

51 ITUC. (n.d). *"B-Ready" Will Undermine Labour Rights and Social Protection.* https://www.ituc-csi.org/IMG/pdf/b_ready_memo_en.pdf

52 World Bank. (2024). *Women, Business and the Law 2024.* https://wbl.worldbank.org/en/wbl

53 See, for example, recent speeches by the World Bank President that focus only on the total number of new jobs needed, and make no reference to the quality of jobs, or indeed to workers' rights and protections, e.g., World Bank. (24 March 2024). *Remarks by World Bank Group President Ajay Banga at the China Development Forum.* https://www.worldbank.org/en/news/speech/2024/03/24/remarks-by-world-bank-group-president-ajay-banga-at-the-china-development-forum and World Economic Forum. (2024). *Ajay Banga, President of the World Bank. [podcast].* https://www.weforum.org/podcasts/agenda-dialogues/episodes/ajay-banga-world-bank/

54 For more information on the labour-related scorecard indicators and World Bank labour policies and actions, see https://scorecard.worldbank.org/en/scorecard/more-and-better-jobs and https://www.worldbank.org/en/topic/labormarkets

55 Hatayama, M. and Batchuluun, A. (2024). *Reforming Labor Law for the Changing Nature of Work: Evidence from Mongolia. World Bank. Working Paper 192084.* https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099605006282427584/idu1a2476aef19558140961adeb1acf8456eddd1

56 World Bank. (12 August 2024). World Bank Group Launches High Level Council to Tackle Looming Jobs Crisis https://www.worldbank.org/en/news/press-release/2024/08/12/world-bank-group-launches-high-level-council-to-tackle-looming-jobs-crisis

57 See: IMF. (n.d.). *Income Inequality: Introduction to inequality.* https://www.imf.org/en/Topics/Inequality/introduction-to-inequality

58 See how inequality is not addressed in, for example, Georgieva, K. (13 October 2023). *A Story of Hope and Opportunity for the Next Generation: IMF Managing Director 2023 Annual Meetings Plenary Speech. IMF.* https://www.imf.org/en/News/Articles/2023/10/13/sp101323-md-am-plenary-speech
Georgieva, K. (11 April 2024). *The 2020s: Turbulent, Tepid or Transformational? Policy Choices for a Weak Global Economy: Speech by IMF Managing Director. IMF.* https://www.imf.org/en/News/Articles/2024/04/11/sp041124-outlook-global-economy-policy-priorities-kristalina-georgieva

59 Grigoli, F. and Robles, A. (2017). *Inequality Overhang. IMF.* https://www.imf.org/en/Publications/WP/Issues/2017/03/28/Inequality-Overhang-44774

60 Kentikelenis, A. and Stubbs, T. (2023). *IMF Social Spending Floors: A Fig leaf for Austerity? Oxfam.* https://policy-practice.oxfam.org/resources/imf-social-spending-floors-a-fig-leaf-for-austerity-621495/

61 See Independent Evaluation Office of the International Monetary Fund. (2003). *Fiscal Adjustment in IMF-Supported Programs: Revisiting the 2003 IEO Evaluation.* https://www.imf.org/en/Publications/Independent-Evaluation-Office-Reports/Issues/2016/12/30/Fiscal-Adjustment-in-IMF-Supported-Programs-16738

62 Calculations using data from the IMF April 2024 World Economic Outlook. IMF. (2024). *World Economic Outlook Database.* https://www.imf.org/en/Publications/WEO/weo-database/2024/April. Amount in current US$ prices.

63 IMF. (n.d.). *Addressing the Divisive Inequality Exposed by the Pandemic.* https://www.imf.org/en/Topics/Inequality/how-the-imf-helps-countries-tackle-inequalities

64 Kentikelenis, A. and Stubbs, T. (2023). *IMF Social Spending Floors: A Fig leaf for Austerity? Oxfam.* https://policy-practice.oxfam.org/resources/imf-social-spending-floors-a-fig-leaf-for-austerity-621495/

65 Ibid.

66 Ibid.

67 For evidence on this, see the many analyses of subsidies in the CEQ Institute analysis of the incidence of spending on inequality and poverty, at https://commitmentoequity.org/

68 See, for example, IMF Independent Evaluation Office. (2017). *IMF Operational Involvement in Social Protection.* https://www.elibrary.imf.org/display/book/9781484313800/ch03.xml
For a recent example of a country beginning subsidy removal without introducing social protection measures, see IMF. (9 February 2024). *IMF Executive Board Concludes Post Financing Assessment with Nigeria.* https://www.imf.org/en/News/Articles/2024/02/09/pr2443-nigeria-imf-exec-board-concludes-pfa

69 Giles, C. (7 April 2021). *IMF proposes 'solidarity' tax on pandemic winners and wealthy. Financial Times.* https://www.ft.com/content/5dad2390-8a32-4908-8c96-6d23cd037c38 [paywall]

70 Oxfam. (19 April 2022). *IMF must abandon demands for austerity as cost-of-living crisis drives up hunger and poverty worldwide.* https://www.oxfam.org/en/press-releases/imf-must-abandon-demands-austerity-cost-living-crisis-drives-hunger-and-poverty

71 Lawson, M. (8 July 2024). *Protests in Kenya- Who is to Blame? Oxfam blog.*https://www.equals.ink/p/protests-in-kenya-who-is-to-blame

72 Jaumotte, F. and and Buitron, C. (2017). *Power From the People.* https://www.imf.org/external/pubs/ft/fandd/2015/03/jaumotte.htm.
International Monetary Fund. (2024). *G-20 Background Note on The Impact of Growth On Inequality And Social Outcomes.* https://www.imf.org/external/np/g20/pdf/2024/072224.pdf

73 For details of why these indicators were chosen for their impact on inequality, see pages 21–22 of Martin, M, Lawson, M., Abdo, N., Waddock, D. and Walker, J. (2020). *The Commitment to Reducing Inequality Index.* Oxfam. https://policy-practice.oxfam.org/resources/fighting-inequality-in-the-time-of-covid-19-the-commitment-to-reducing-inequali-621061/

74 Lowrey, A. (2022). *A Crisis Historian Has Some Bad News for Us*. The Atlantic. https://www.theatlantic.com/ideas/archive/2022/07/adam-tooze-chartbook-substack-newsletter-inflation-crisis/661467/.

75 Development Finance International (DFI). (n.d.). *The Worst Ever Global Debt Crisis: Putting Climate Adaptation Spending Out Of Reach*. https://www.development-finance.org/files/Debt_Service_Watch_Briefing_Climate_COP28_FINAL_281123.pdf

76 Canadian Department of Finance. (2024). *A Stronger Social Safety Net*. https://www.canada.ca/en/department-finance/news/2024/04/a-stronger-social-safety-net.html.

77 DFI and Norwegian Church Aid (NCA). (2024). *Resolving the Worst Ever Global Debt Crisis: Time for a Nordic initiative?* https://www.kirkensnodhjelp.no/contentassets/c1403acd5da84d39a120090004899173/report_summary_newdebtcrisis_digital.pdf

78 Ibid. When DFI and NCA categorize this as the 'worst ever debt crisis', this is based on the number of countries with unstainable debt servicing (the number of countries meeting or exceeding the 15% threshold of government revenue which was previous used in the Heavily Indebted Poor Countries (HIPC) Initiative as the criterion to grant relief to HIPC. The 2024 analysis carried out by DFI and NCA showed that countries are now paying more than they did before the HIPC debt-cancellation, and more countries had passed this threshold; hence, this is "the worst global debt crisis ever".

79 Ibid.

80 Stockholm International Peace Research Initiative (SIPRI) (2023). *World military expenditure reaches new record high as European spending surges*. https://www.sipri.org/media/press-release/2023/world-military-expenditure-reaches-new-record-high-european-spending-surges

81 The SIPRI database has a relatively low number of countries with data on budget share, compared to the CRI Index, but we have drawn some examples based on averages in regions and some country shares available.

82 Rocha, L. and Lukiv, J. (10 May 2024). *Argentines strike against spending cuts under Javier Milei*. BBC News. www.bbc.co.uk/news/world-latin-america-68987998.

83 DFI and Norwegian Church Aid (NCA). (2024). *Resolving the Worst Ever Global Debt Crisis: Time for a Nordic initiative?* https://www.kirkensnodhjelp.no/contentassets/c1403acd5da84d39a120090004899173/report_summary_newdebtcrisis_digital.pdf

84 Farzan, Z. (21 March 2023). *Sri Lanka's Social Safety Net programs suffer from poor targeting — IMF*. News First. https://www.newsfirst.lk/2023/03/21/sri-lanka-s-social-safety-net-programs-suffer-from-poor-targeting-imf

85 World Bank Group. (2024). *Sri Lanka Development Update 2024.*, https://www.worldbank.org/en/country/srilanka/publication/sri-lanka-development-update-2024#:~:text=Inflation%20is%20likely%20to%20rise,percentage%20points)%20expected%20in%202024

86 Cerda, A.A., García, L.Y., Rivera-Arroyo, J., Riquelme, A., Teixeira, J.P. and Jakovljevic, M. (2022). 'Comparison of the healthcare system of Chile and Brazil: strengths, inefficiencies, and expenditures'. *Cost Effectiveness and Resource Allocation* 20, Article number 71. https://doi.org/10.1186/s12962-022-00405-9

87 Aljazeera. (20 September 2023). *Morocco to spend $11.7bn on post-earthquake reconstruction plan.* https://www.aljazeera.com/news/2023/9/20/morocco-to-spend-11-7bn-on-post-earthquake-reconstruction-plan

88 Buschschlüter, V. (2023). *Daniel Noboa becomes Ecuador's youngest president-elect*. https://www.bbc.co.uk/news/world-latin-america-67119415.

89 The CRI Index 2022 used 2021 budgets, which were set prior to the country defaulting on its debt at the end of 2020. Debt servicing had been crowding out social spending for some time (i.e., from 2018 to 2021); debt repayments rose significantly, while spending on education, health spending dropped significantly. After the default, debt servicing payments were less of a constraint for a brief period, giving more space for anti-inequality spending to rise temporarily. For more information, see Sinkala, Z.V. (21 December 2022). *Structural Adjustment 2.0*. New Internationalist. https://newint.org/features/2022/12/05/structural-adjustment-zambia-imf-debt

90 The picture is complex, as there has also been an IMF loan, which imposed some austerity measures that were initially largely focused on fuel subsides. However the new debt deal, combined with new austerity measures, could result in much wider anti-inequality spending. Actionaid. (2023). *ActionAid Zambia reaffirms its position on the IMF Managing Director's visit.* ActionAid International. https://actionaid.org/news/2023/actionaid-zambia-reaffirms-its-position-imf-managing-directors-visit

91 DFI and Norwegian Church Aid (NCA). (2024). *Resolving the Worst Ever Global Debt Crisis: Time for a Nordic initiative?* https://www.kirkensnodhjelp.no/contentassets/c1403acd5da84d39a120090004899173/report_summary_newdebtcrisis_digital.pdf

92 As articulated in the Incheon Declaration. UNESCO. (2015). *Education 2030: Incheon Declaration and Framework for Action for the implementation of Sustainable Development Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all*. https://unesdoc.unesco.org/ark:/48223/pf0000245656

93 Dominican Today. (9 February 2024). *Ministry of Education marks over 50% surge in spending on teaching personnel. DominicanToday*. https://dominicantoday.com/dr/local/2024/02/09/ministry-of-education-marks-over-50-surge-in-spending-on-teaching-personnel/

94 Presidencia de la República Dominicana. (20 December 2023). *Ministerio de Educación terminará 2023 con la ejecución del 3.88 % del PIB* . [Spanish] https://presidencia.gob.do/noticias/ministerio-de-educacion-terminara-2023-con-la-ejecucion-del-388-del-pib

95 Rahhou, J. (21 October 2023). *Morocco's Education Spending Increases By 10% in 2023, Reaches $6 Billion*. Morocco World News. https://www.moroccoworldnews.com/2022/10/351970/moroccos-education-spending-increases-by-10-in-2023-reaches-6-billion

96 Dadush, U. and Saoudi, H. (2019). *Inequality in Morocco: An International Perspective. Policy Center for the New South.* https://www.policycenter.ma/sites/default/files/PB%20-%2030-19%20%28Uri%20Dadush%20%26%20Saoudi%29.pdf

97 Amnistía Internacional. (2024). *Paraguay: La deuda de la salud.* [Spanish] https://www.amnesty.org/es/documents/amr45/7965/2024/es/

98 Sundaram, J.K. (26 June 2024). *Finance Healthcare, Not Insurance Premía*. Challenging Development Substack blog. https://substack.com/@jomomydevplus/p-146007751
Wagstaff, A. (2009). *Social Health Insurance vs. Tax-Finance Health Systems—Evidence from the OECD*. Policy Research Working Paper WPS4821. World Bank. https://documents.worldbank.org/en/publication/documents-reports/documentdetail/545121468028868365/social-health-insurance-vs-tax-financed-health-systems-evidence-from-the-oecd

99 Bornukova, K., Leshchenko, N. and Matytsin, M. (2019). *How Effectively Does the Fiscal System in Ukraine Address Poverty and Inequality : A Commitment to Equity (CEQ) Analysis. Poverty and Equity Note no.14.* http://documents.worldbank.org/curated/en/690771553167885255/How-Effectively-Does-the-Fiscal-System-in-Ukraine-Address-Poverty-and-Inequality-A-Commitment-to-Equity-CEQ-Analysis

100 Farbar, K. and Towley, T. (26 April 2023). *Ukraine is reforming its welfare system as the cost of war rises. Open Democracy.* https://www.opendemocracy.net/en/odr/ukraine-social-policy-reform-imf/

101 Al Jazeera. (22 March 2023). *IMF staff reaches agreement with Ukraine for $15.6bn loan.* https://www.aljazeera.com/news/2023/3/22/imf-staff-reaches-agreement-with-ukraine-for-15-6bn-loan

102 UN SDGs. (n.d.). *SDG Indicators: Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development.* https://unstats.un.org/sdgs/indicators/indicators-list/

103 The Zimbabwean. (27 January 2023). *Completion rate for primary education in Zim declines.* https://www.thezimbabwean.co/2023/01/completion-rate-for-primary-education-in-zim-declines/

104 This is based on the SDG target 8.1 definition of universal health coverage. WHO. (n.d.). *SDG Target 3.8 | Achieve universal health coverage (UHC).* https://www.who.int/data/gho/data/themes/theme-details/GHO/universal-health-coverage

105 For Türkiye, the ILO data shows universal old-age pension coverage. However, Oxfam KEDV, with support from the Policy Analytics Lab have calculated the figure on the basis of old-age pension coverage for the statutory pensionable age in Türkiye (59 for women and 61 for men) results in a figure of 76%, which better reflects the current pension coverage in the country.

106 Halqabsi News. (21 January 2024). *Upper House Parliament Passes Bill to Revamp Civil Service Retirement.* https://halqabsi.com/2024/01/bill-to-revamp-civil-service-retirement/

107 The evidence base from the Commitment to Equity shows a varied impact on inequality depending on design and level of spending. https://commitmentoequity.org/

108 'Market income' refers to pre-tax and social security contributions. Malaeb, B., Martinez Aguilar, S.N., Carrera Avila, C.L., Maarraoui, G. and Okiye Waais, I. (2023). *The role of fiscal policy in the fight against poverty and inequality in Djibouti - Commitment to Equity (CEQ) methodology*. World Bank. https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099062223112522461/p1745720795cc20d10b03e00aeaea566192.

109 Núñez, J. and Lasso D. (2024). *Fiscal Incidence and Public Spending: Public Policy Scenarios for Colombia. Agence Française de Développement.* https://www.afd.fr/en/ressources/fiscal-incidence-and-public-spending-public-policy-scenarios-colombia

110 UN SDGs. (2023). *The Sustainable Development Goals Report 2023: Special Edition.* https://unstats.un.org/sdgs/report/2023/

111 The figures have been updated since the 2022 CRI Index, which used 2018 figures, allowing us to draw conclusion on risers and fallers, but clearly a four-year lag in reporting is problematic.

112 Popova, D. (2023). 'Impact of Equity in Social Protection Spending on Income Poverty and Inequality'. *Soc Indic Res* 169, 697–721. https://doi.org/10.1007/s11205-023-03167-w

113 For details of why these indicators were chosen for their impact on inequality, see pages 30 of Martin, M, Lawson, M., Abdo, N., Waddock, D. and Walker, J. (2020). *The Commitment to Reducing Inequality Index.* Oxfam. https://policy-practice.oxfam.org/resources/fighting-inequality-in-the-time-of-covid-19-the-commitment-to-reducing-inequali-621061/

114 Travers, E. (16 August 2024). *Why the world needs a UN global tax convention. UN News.* https://news.un.org/en/story/2024/08/1153301

115 Club de Madrid. (10 July 20240. *Former heads of state and government call on President Biden and fellow g20 leaders to back global deal to tax the ultra-rich. [Open letter]* https://clubmadrid.org/former-heads-state-government-call-president-biden-fellow-g20-leaders-back-global-deal-tax-ultra-rich/

116 The Japan Times. (27 July 2024). *G20 pledges to work together to tax ultrarich.* https://www.japantimes.co.jp/business/2024/07/27/economy/g20-ultrarich-tax/

117 Zucman, G. (2024). *A blueprint for a coordinated minimum effective taxation standard for ultra-high-net-worth individuals. Commissioned by the Brazilian G20 presidency.* https://gabriel-zucman.eu/files/report-g20.pdf

118 We apply this 'pro-poor adjustment' depending on whether it: a) exempts or applies a reduced rate to basic foodstuffs, and b) applies a relatively high minimum threshold of 10 times per capita GDP for VAT registration for small businesses. Both these measures have been found to be pro-poor and in line with incidence evidence, and, together, they have been found to partially mitigate the regressive effect of VAT. See the accompanying Methodology Note for more information (can we add note link in final draft?)

119 For more details, see the CRI Index 2024 methodology note (can we add note link in final draft?)

120 Bahamas, Bahrain, Oman and Vanuatu. Several British dependencies such as Bermuda and the Cayman Islands also have no personal income tax, which are not included in the CRI Index.

121 Armenia, Belarus, Bolivia, Bulgaria, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyz Republic, Micronesia, Moldova, North Macedonia, Romania, Ukraine and Uzbekistan.

122 This CRI indicator covers only harmful tax practices relating to corporate tax dodging, which represents about two thirds of global tax abuse. For discussion of individual tax dodging and how countries are performing in preventing this, see:
Tax Justice Network. (2023). *State of Tax Justice 2023.* https://taxjustice.net/reports/the-state-of-tax-justice-2023/
Tax Justice Network. (2022). *Financial Secrecy Index 2022.* https://fsi.taxjustice.net/

123 This sub-indicator had previously assessed the existence of anti-tax avoidance legislation, based on the absence of four key anti-tax avoidance measures. Countries were penalized with points for lacking these measures, impacting their overall harmful tax practices scores. However, this data is becoming less and less indicative of actual harmful tax practices due to many high-income countries, which are significant tax havens, now formally adopting these anti-avoidance policies. This is a positive move, but has not stopped these same countries from continuing their roles as tax havens. Consequently, keeping the sub-indicator would predominantly have penalized lower-income countries, which are less likely to have formalized these measures despite not posing any risk of being tax havens. This also means we have shifted towards focusing more on the actual contributions to harmful tax practices, rather than their formal adoption of anti-avoidance rules.

124 There are nine possible negative points, this list includes countries with a negative score equal to or greater than six out of nine.

125 The standard global coefficients for the predicted impact of spending from each sector on the Gini have been extracted from a well-regarded global panel-based incidence study: Martínez-Vazquez, J., Vulovic, V. and Dodson, B. (2014). *The Impact of Tax and Expenditure Policies on Income Disttribution: Evidence from a Large Panel of Countries. https://scholarworks.gsu.edu/cgi/viewcontent.cgi?article=1036&context=econ_facpub* For more details, see the CRI Index 2024 methodology note (can we add note link in final report?)

126 Center for Global Workers' Rights. (2020). *Labour Rights Indicators. Penn State University.* https://labour-rights-indicators.la.psu.edu/

127 ILO. (29 April 2021). *Korea recognizing respect for fundamental labour standards as the foundation for tackling the challenges of the future of work.* https://www.ilo.org/resource/news/korea-recognizing-respect-fundamental-labour-standards-foundation-tackling

128 Tavuyanago, S. (2023). 'Going against the grain of international labour law standards: Criminalisation of strike action within the healthcare sector in Zimbabwe (Health Service Amendment Act, 2022)'. *International Labour Journal, 52(2), 463-476.* https://doi.org/10.1093/indlaw/dwad005

129 OpenGlobalRights. (18 December 2023). *Millions of US workers live in poverty: That may be a human rights violation. Open Global Rights.* https://www.openglobalrights.org/millions-us-workers-poverty-human-rights-violation/

130 Wright, S. (3 October 2023). *Tuvalu outlaws discrimination on basis of sex, disability in new constitution. Benar News.* https://www.benarnews.org/english/news/pacific/tuvalu-constitution-outlaws-discrimination-based-on-sex-disability-10032023215020.html

131 Sierra Leone. (2023). *Act 15 of 2023. Employment Act, 2023. Available from:* https://commons.laws.africa/akn/sl/act/2023/15/media/publication/sl-act-2023-15-publication-document.pdf

132 Barr, H. (6 February 2024). *The Taliban and the Global Backlash Against Women's Rights. Human Rights Watch.* https://www.hrw.org/news/2024/02/06/taliban-and-global-backlash-against-womens-rights

133 ILO. (15 March 2024). *ILO reaches agreement on the issue of living wages.* https://www.ilo.org/resource/news/ilo-reaches-agreement-issue-living-wages

134 ILO. (16 November 2022). *The new EU Directive on minimum wage sets a dual goal.* https://www.ilo.org/resource/article/new-eu-directive-minimum-wage-sets-dual-goal

135 U.S. Department of Labor. (n.d.). *Minimum Wage.* https://www.dol.gov/general/topic/wages/minimum-wage

136 See the CRI Index 2024 methodology note (can we add note link in final draft?)

137 Bangladesh, China, Democratic Republic of Congo, Egypt, Indonesia, Nigeria and Pakistan.

138 Frosch, M. and Gardner, J. (2022). *Defining informality for contributing family workers: Room document to support the discussions at the Meeting of Experts on Labour Statistics in Preparation for the 21st International Conference of Labour Statisticians. ILO.* https://www.ilo.org/media/258026/download

139 Bouri, C. (2023, June 6). The Kafala System Is Facilitating Labor Abuses in the Middle East. Lawfare. https://www.lawfaremedia.org/article/the-kafala-system-is-facilitating-labor-abuses-in-the-middle-east

140 Bureau of Labor Statistics. (2023). *Occupational employment and wages, May 2023.* https://www.bls.gov/news.release/pdf/ocwage.pdf.

141 Bivens, J. and Kandra, J. (21 September 2023). *CEO pay slightly declined in 2022: But it has soared 1,209.2% since 1978 compared with a 15.3% rise in typical workers' pay. Economic Policy Institute.* https://www.epi.org/publication/ceo-pay-in-2022/#full-report.

142 Ibid.

© Oxfam International and Development Finance International October 2024

This paper was written by Matthew Martin and Jo Walker (DFI), and Max Lawson and Chiara Putaturo (Oxfam), with contributions and support from Didier Jacobs, Anthony Kamande, Nguyen Quang Thai, Susana Rodriguez and Martin-Brehm Christensen (Oxfam), and Maria Holloway and David Waddock (DFI). It is part of a series of papers written to inform public debate on development and humanitarian policy issues.

For further information on the issues raised in this paper please email advocacy@oxfaminternational.org

This publication is copyright but the text may be used free of charge for the purposes of advocacy, campaigning, education, and research, provided that the source is acknowledged in full. The copyright holder requests that all such use be registered with them for impact assessment purposes. For copying in any other circumstances, or for re-use in other publications, or for translation or adaptation, permission must be secured and a fee may be charged. Email policyandpractice@oxfam.org.uk.

The information in this publication is correct at the time of going to press.

Published by Oxfam GB for Oxfam International and Development Finance International under ISBN 978-1-78748-933-2 in October 2022.
DOI: 10.21201/2022.9325

Oxfam GB, Oxfam House, John Smith Drive, Cowley, Oxford, OX4 2JY, UK.

Cover photo
Aerial image of a rich and very poor neighbourhood jammed against each other in Buenos Aires, Argentina.
Photo credit: Johnny Miller/Unequal Scenes.

Development Finance International
Development Finance International is a nonprofit capacity building, advocacy, advisory and research group which works with more than 50 governments, international institutions and civil society organizations worldwide to help development financing fight poverty and inequality. For more details see www.developmentfinance.org and www.governmentspendingwatch.org

Oxfam
Oxfam is an international confederation of 21 organizations, working with its partners and allies, reaching out to millions of people around the world. Together, we tackle inequalities to end poverty and injustice, now and in the long term – for an equal future. Please write to any of the agencies for further information or visit www.oxfam.org.

Oxfam America (www.oxfamamerica.org)
Oxfam Aotearoa (www.oxfam.org.nz)
Oxfam Australia (www.oxfam.org.au)
Oxfam-in-Belgium (www.oxfamsol.be)
Oxfam Brasil (www.oxfam.org.br)
Oxfam Canada (www.oxfam.ca)
Oxfam Colombia (lac.oxfam.org/countries/colombia)
Oxfam France (www.oxfamfrance.org)
Oxfam Germany (www.oxfam.de)
Oxfam GB (www.oxfam.org.uk)
Oxfam Hong Kong (www.oxfam.org.hk)
Oxfam IBIS (Denmark) (www.oxfamibis.dk)
Oxfam India (www.oxfamindia.org)
Oxfam Intermón (Spain) (www.oxfamintermon.org)
Oxfam Ireland (www.oxfamireland.org)
Oxfam Italy (www.oxfamitalia.org)
Oxfam Mexico (www.oxfammexico.org)
Oxfam Novib (Netherlands) (www.oxfamnovib.nl)
Oxfam Québec (www.oxfam.qc.ca)
Oxfam South Africa (www.oxfam.org.za)
KEDV (www.kedv.org.tr)

DFI Development Finance International

OXFAM