FIGHTING INEQUALITY IN THE TIME OF COVID-19

The Commitment to Reducing Inequality Index 2020

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OXFAM

COVID-19 hit a world woefully unprepared to fight it, because countries had failed to choose policies to fight inequality. Only one in six countries assessed for the CRI Index 2020 were spending enough on health, only a third of the global workforce had adequate social protection, and in more than 100 countries at least one in three workers had no labour protection such as sick pay. As a result, many have faced death and destitution, and inequality is increasing dramatically. Governments such as South Korea have shown the way forward in combining recovery from COVID-19 with fighting inequality.

This third edition of the CRI Index report recommends that all governments adopt strong anti-inequality policies on public services, tax and labour rights, to radically reduce the gap between rich and poor. The international community must support them with Special Drawing Rights, debt relief and global solidarity taxes.

See also the CRI Index website and methodology note at www.inequalityindex.org

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SUMMARY

CRI 2020: FAILURE TO TACKLE INEQUALITY LEAVES COUNTRIES WOEFULLY UNPREPARED FOR THE CORONAVIRUS PANDEMIC

The 2020 Commitment to Reducing Inequality (CRI) Index shows clearly how the majority of the world's countries were woefully unprepared for the coronavirus pandemic. With very low levels of spending on public healthcare and weak social protection systems and rights for workers, they were left brutally and unnecessarily vulnerable. The failure of governments to tackle inequality is now forcing ordinary people to bear the brunt of the crisis and pay a much higher price than they should.

Just 26 of the 158 countries surveyed for this year's CRI Index by Oxfam and Development Finance International (DFI) were spending the recommended 15% of their budgets on health[1] going into the pandemic. India, for example, spent just 4%. In 103 countries, at least one in three of the workforce had no labour protection such as sick pay. Only 53 countries had social protection systems against unemployment and sickness, and they covered only 22% of the global workforce.[2]

Conversely, those governments already committed to reducing inequality were the ones best placed to face the economic and health challenges posed by coronavirus. They were best placed to ensure that ordinary people were protected as much as possible, and that the impact of the virus was not dictated by whether you were rich or whether you were poor.

THE COMMITMENT TO REDUCING INEQUALITY INDEX 2020

This is the third edition of the CRI Index, which ranks 158 governments across the world on their commitment to reducing inequality. It measures government policies and actions in three areas that are proven to be directly related to reducing inequality:[3]

1. Public services (health, education and social protection)
2. Taxation
3. Workers' rights.[4]

While these three thematic pillars remain unchanged, the 2020 CRI Index has seen significant changes in methodology from 2018 (see Figure 1).[5] Each pillar now contains three levels of indicator:

1. Policy commitment indicators: these measure the commitment of governments through their policies (which may not always be implemented in practice);
2. Coverage or implementation indicators: these look at who is covered (or not) as a result of policy actions, or how well a government puts policies on paper into practice;
3. Impact indicators: these measure the impact of policy actions on levels of inequality.

These changes to the index's methodology mean that a straight comparison between the scores of a country in the 2020 index and those for 2018 may not give an accurate picture of that country's performance. For this reason, our analysis of change focuses on concrete policy changes since the 2018 index.

Figure 1: The CRI Index 2020 – pillars and indicators

	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		

OVERALL RESULTS

The full CRI Index 2020 global and regional rankings can be found in Annex 1 of the full report.

Those at the top

Most of the countries near the top of the index are OECD countries. With higher gross domestic products (GDP), they have much more scope to raise progressive tax revenues because they have more citizens and corporations with higher incomes; likewise, they have greater scope to spend those revenues on public services and social protection.

Norway tops the 2020 CRI Index, notably scoring top on labour rights. It has the sixth lowest income inequality in the world but since 2000, has cut its top personal income tax and corporate tax rates sharply, so that taxes now play a lower role in reducing inequality. Overall inequality and poverty have risen during the last decade,[6] and 15 OECD countries perform better than Norway on wealth inequality. But even countries at the top of the listings could improve a lot – especially as many of them have been backtracking for decades on historical commitments to policies which reduce inequality.

For example, for the past two decades, successive governments in Denmark have promoted taxation policies that have increased inequality, challenging the historically low levels of inequality within the population.[7] Since 2010, income growth has stagnated for the 40% with the lowest incomes,[8] while the richest 10% now own nearly half of the country's total wealth.[9] Furthermore, the decrease in spending on education as a redistributive measure to address widening inequality is alarming.[10] The new Danish government elected in 2019 is, however, expected to reverse some of these negative trends, which is welcome news. Belgium, at number four in the CRI rankings, ranks only 37th on tax, partly due to recent cuts in corporate income taxes. While Germany ranks third in the overall index, its education spending is as low as that of South Sudan at 9.35% of government spending; one of the countries at the bottom of the public spending pillar. In other words, the top-performing countries could do much more.

Other low- and lower-middle-income countries may not score as highly on the overall index but are clearly taking steps to reduce inequality, despite their relatively low incomes. Sierra Leone has built on its commitment to make secondary education free by increasing education spending this year.[11] The government has clamped down on tax evasion by mining companies and has introduced a property tax in the capital, Freetown.[12] It has also increased its minimum wage, although this applies only to the small proportion of workers who are formally employed.[13]

Since the 2018 CRI Index, Vietnam has increased its health spending, which is welcome, although it must do even more to reduce health inequalities and the significant amount ordinary people need to pay for the cost of healthcare. Vietnam's tax collection is strong, especially compared with other countries in the region, but it could still do more to eliminate tax incentives for corporations. Its score on labour rights remains low, but if it implements the recent welcome agreement to allow workers to form their own independent labour unions, this score will improve in future CRI Indexes.[14] Vietnam's response to the coronavirus pandemic has been among the best in the world.[15] The government is also considering making reducing inequality a core part of its upcoming ten-year plan, which would be a very important and positive step.[16]

Table 1: CRI Index ranking of 158 countries – the top 10

Country	Public services ranking	Tax ranking	Labour ranking	**CRI ranking**
Norway	14	21	1	**1**
Denmark	8	28	2	**2**
Germany	5	17	11	**3**
Belgium	7	37	8	**4**
Finland	2	61	4	**5**
Canada	26	8	20	**6**
France	3	47	16	**7**
New Zealand	21	11	34	**8**
Austria	10	50	18	**9**
Sweden	11	78	7	**10**

Table 2: Top three low-income (LIC) and lower-middle-income (LMIC) countries

Country	Income	Public services rank	Tax rank	Labour ranking	**CRI ranking**
Ukraine	LMIC	24	58	39	**28**
Kyrgyz Republic	LMIC	46	14	61	**37**
Togo	LIC	133	2	112	**82**

Those at the bottom

At the bottom of the 2020 CRI Index is South Sudan, which is new to the index and comes close to last on all three pillars. This, at least in part, reflects the fact that just two years after independence in 2011, the country descended into a devastating civil war, which continues to have violent reverberations.[17] But this low ranking also reflects a failure of policy setting by the government for its citizens: for instance, South Sudan spends six times more on the military and on debt servicing than it does on vital public services, and it collects only around 15% of the tax that it should. This leads to failure to deliver on even the most basic of services: less than one-third of the country's people can access essential health services, and it is the only country in the index which does not have any pension scheme. South Sudan has three times as many generals as doctors.[18]

India is ranked at number 129 in the index. Its health budget is the fourth lowest in the world. Just half of its population have access to even the most essential health services, and more than 70% of health spending is being met by people themselves, one of the highest levels in the world. Most workers earn less than half of the minimum wage; 71% do not have any written job contract and 54% do not get paid leave.[19] Only about 10% of the workforce in India is formal, with safe working conditions and social security.[20] In 2016, the government abolished a wealth tax introduced way back in 1957.[21] So far India's response to COVID-19 has been woeful, with huge numbers of deaths and millions of people forced into destitution.

Nigeria is second to last in the index, just ahead of South Sudan. Nigeria continues to collect shockingly low levels of tax, and it therefore also ranks very low on public services; it is hardly surprising, then, that one in five out-of-school children in the world live in Nigeria.[22] During the coronavirus crisis, hit by a collapse in oil revenues, the government has halved its health and education budgets.[23]

Bahrain at third from the bottom of the index and Vanuatu at sixth from the bottom both also do very badly on tax, with neither having corporate or personal income tax. Bahrain and Oman also score poorly on labour rights, as four-fifths of their workforce are migrant workers governed by the Kafala system, which is often described as modern-day slavery.[24] Singapore remains one of the lowest-ranked high-income countries, largely because of its role as a tax haven.

Table 3: CRI ranking of 158 countries – the bottom 10

Country	Public services ranking	Tax ranking	Labour ranking	**CRI ranking**
South Sudan	158	155	154	**158**
Nigeria	156	127	158	**157**
Bahrain	102	158	131	**156**
Chad	157	113	145	**155**
Liberia	129	150	132	**154**
Vanuatu	115	156	115	**153**
Oman	108	148	138	**152**
Central African Republic	155	64	157	**151**
Guinea-Bissau	151	132	126	**150**
Haiti	145	105	149	**149**

Table 4: Bottom three high-income countries

Country	Public services ranking	Tax ranking	Labour ranking	CRI ranking
Bahrain	102	158	131	156
Panama	78	144	81	108
Singapore	87	145	67	107

FIGHTING INEQUALITY IN THE TIME OF COVID-19

The coronavirus pandemic has swept across a world that was already profoundly unequal. In country after country it has magnified and increased these inequalities. The poorest people are least able to isolate, to protect themselves. They are more likely to have pre-existing poor health, making them more likely to die. Economically, it is ordinary people who are losing their jobs in their tens of millions, facing huge levels of hunger and hardship. Women are among the hardest hit economically, as they are more likely to be in precarious work and are also 70% of the world's health workers.[25]

Economic and racial inequality are strongly linked across the world, so the crisis has also exacerbated racial inequality. Black people generally do more precarious jobs, have less access to healthcare and social protection and suffer from other health problems. Across the world, COVID-19 has killed people who were already suffering from racial discrimination.

The failure to tackle inequality has left the majority of countries far more vulnerable to both the health and economic impacts of the disease; it has meant that most were unprepared. The response to the coronavirus crisis is a true test of whether a government is committed to reducing inequality. Some countries, like South Korea, which was already a high scorer in the CRI Index, have tackled the crisis head on, notably introducing universal emergency relief payments for 22 million households.[26] Georgia has removed fees for any health expenses related to COVID-19.[27] At the other end of the spectrum, Kenya,[28] which had a relatively good CRI Index score on tax, has responded by cutting corporate tax and the top rate of personal income tax. Conversely, some countries like Myanmar, which to date have had a low CRI score, have found new impetus in response to the coronavirus crisis. Myanmar increased its social protection scheme to cover 21 million people, an increase of 8,684%, with a mix of one-off and ongoing supports.

Across the world, there have been significant expansions in health and social protection spending. However, there has been little progress on cutting user fees or out-of-pocket expenses, which prevent those living in poverty from accessing healthcare; and social protection spending and coverage in most low- and lower-middle-income countries remains extremely low. Some countries have reduced regressive VAT rates, and a few have introduced progressive 'solidarity' taxes to ensure the wealthiest pay their fair share. Many countries have expanded worker rights and protections, particularly through short-time working, sick leave and unemployment benefit. But there have also been sharp rises in unemployment and underemployment, and increased attacks on workers' rights.

What has been the role of the international financial institutions, charged by the G20 with leading the global financial response to the pandemic? The International Monetary Fund (IMF) has disbursed US$88bn in support to 80 countries and has saved 28 countries $251m in debt servicing payments. Its analysis is showing that the coronavirus pandemic will increase inequality and is suggesting anti-inequality policy measures such as solidarity taxes. However, in its advice to countries it is already warning of the need for austerity post-coronavirus to reduce debt burdens, which will increase inequality unless a different path is taken. The World Bank has pledged US$160bn in emergency funding, mobilized US$6bn for its COVID-19 Fast Track Facility, and is funding health projects in 74 countries as of June 2020. Yet Oxfam's analysis shows that only eight of these projects attempt to reduce the cost to households of health expenditures, which each year bankrupt millions of people and exclude them from treatment.

CRI INDEX 2020: RESULTS FROM THE THREE PILLARS

Public services pillar

This pillar looks at actions taken by governments in the areas of education, health and social protection, which are widely understood to have enormous power to reduce inequality. In previous versions of the CRI Index, we have looked at spending as a percentage of the government budget, and at the impact this spending is having on inequality. For the CRI Index 2020 we have added a new set of indicators to measure the coverage and equity of services.[29]

Overall scores

The top 10 countries in the index rankings all use their public services to fight inequality. The best-performing country in the public services pillar, Poland, puts as much money into the pockets of the poorest people through public services as they earn in the market – so it comes top on impact. Other countries achieve a lot with less wealth. Ukraine comes top of the lower-middle-income group, at number 24. It invests in public services in a way that has been shown to double the disposable income of the poorest people, but it needs to do more on health.

The bottom 10 countries show how low levels of spending lead to weak coverage and minimal impact on inequality.

Spending levels and trends

Many low- and lower-middle-income countries allocate a high proportion of their budgets to education: they spend nearly 16% of their budgets on education compared with 14% for middle- and high-income countries, reflecting their young populations. In the 2020 CRI Index, allocations across all three sectors are stagnant for higher-income countries, but most low- and lower-middle-income countries have increased spending, even with high debt levels constraining budgets. Ethiopia stands out for spending the second highest proportion on education and for having significant budgets for health and social protection, with a significant impact on poverty reduction.

At the bottom of the public services pillar ranking, South Asian countries in particular are doing far too little to fight inequality. India, Nepal and Sri Lanka are all in the bottom 10, and Bangladesh is 16th from the bottom of the list.

Coverage levels

On education coverage, there is huge variation between countries in terms of secondary school completion by the poorest children. Nigeria has the biggest gap between rich and poor: 90% of the richest pupils complete secondary school, compared with only 15% from the poorest households.

Health coverage includes two components: the ratio of the population who have access to 'essential' health services and the number of people spending more than 10% of their income on health costs. Most high-income countries have reached universal health coverage (UHC), but so have some upper-middle-income countries, such as Costa Rica and Thailand. They also do it a lot more efficiently: Thailand achieves universal healthcare spending of $277 per capita, whereas the United States, where millions of people are still not insured, is spending $11,000 per capita.[30]

The final coverage indicator uses pensions as a proxy for overall social protection coverage – due to a lack of data for other programmes. In total, 40 countries have achieved 100% coverage on this indicator. All but 10 are high-income countries. A few lower-income countries have shown that near-universal coverage can be achieved with less: for example, Bolivia has scaled up using higher taxes on oil and gas. But in more than 50 countries fewer than half of elderly people are covered, and in 34 countries fewer than 10%.

Impact of spending on inequality

Evidence shows that public spending across the three sectors always reduces inequality. However, impact varies hugely across countries because the extent of redistribution depends on both size and progressivity: those which spend too little, or do not spend progressively, have less impact. For instance, in Latin America, Uruguay achieves more redistribution from spending less (but by spending progressively) than many other Latin America countries, which improves the country's position on this sub-pillar; but Guatemala has both very low spending and low levels of progressivity, leading to virtually no impact on inequality, so it comes at the bottom of the sub-pillar for Latin American countries.

Taxation pillar

Progressive taxation is widely agreed to be a critical action that governments can take to reduce the gap between rich and poor.

The tax pillar in the CRI Index measures a range of different ways in which taxes are or are not contributing to reducing inequality, looking at tax policies, tax implementation and the impact of tax on inequality. It also looks at so-called harmful tax practices i.e. the extent to which a country is behaving in ways characteristic of a tax haven.

Overall tax pillar results

South Africa comes top of the 2020 CRI Index tax pillar, reflecting a tax system that is relatively progressive on paper and a good record on tax collection, which combine to give it the tax system with the most impact on reducing inequality. However, there is much more that the country could do to make its system even more progressive, such as collect more tax and introduce a wealth tax. The best-performing low-income country is Togo, which has the world's second most progressive tax system on paper but is let down by poor tax collection.

At the bottom end of the tax pillar is Bahrain, which lacks income taxes, has introduced a regressive value added tax (VAT) and relies on oil royalties and customs duties to fund its budget. Among the other countries at the bottom of the tax pillar are Oman and Vanuatu, countries which lack income taxes, and three with very low or flat taxes: Moldova, North Macedonia and Serbia.

Progressivity of tax policy

Increasingly the counties that have the best tax policies are lower-income countries, as richer nations have systematically cut back on taxation of the richest individuals and corporates over the last few decades (see Box 4 in Section 3).

Personal income tax

The countries with the most progressive income taxes on paper are all low- or lower-middle-income countries, led by Togo, Central African Republic and Pakistan. At the other end of the scale, 14 countries continue to have regressive 'flat tax' systems, charging the same percentage to all taxpayers, regardless of how rich they are. These are mostly in Eastern Europe and Central Asia. Five countries still had no personal income tax (PIT) in 2019, but the Maldives introduced one in 2020.

Overall in 2018–19, the average top PIT rate rose slightly, with Latvia, Lithuania and North Macedonia making deliberate and dramatic decisions to switch away from flat tax systems to progressive ones, and Chile, Costa Rica and Malaysia are planning increases in 2020.

Corporate income tax

The countries with the highest corporate income tax (CIT) rates are nearly all low-income or lower-middle-income countries such as Guyana, Bangladesh, Chad, Guinea, Jordan and Zambia. On the other hand, the Bahamas, Bahrain and Vanuatu have no CIT.

In recent trends, the United States stands out for cutting its corporate tax rate by a massive 13%. Indonesia, which was a star performer in fighting inequality in the 2018 CRI Index, is slashing CIT rates by 8 percentage points; and Belgium by 9 percentage points.[31] However, almost as many countries have been increasing rates, with notable tax increasers being Trinidad and Tobago, Uzbekistan, Latvia, South Korea and Ecuador. So overall, the average CIT rate has fallen by only 0.2% to 23.9%.

Value added tax

VAT is usually a regressive tax, so higher rates exacerbate inequality. However, around 40 countries take measures to make it neutral or progressive, for example by exempting basic food items. On the other hand, Denmark, Brazil, Hungary and Lithuania all have rates above 20%.

Relatively few countries have changed their VAT rates since 2018, with only China making a significant cut of 4%, reflecting a wish to reduce its reliance on indirect taxes; and 10 countries have increased their rates, led by the Bahamas, in order to fill budget financing gaps. The average global VAT rate (including eight new countries with VAT) has risen by 0.2% to 15.7%.

Harmful tax practices

The CRI Index includes as a negative indicator the degree to which a country adopts and implements harmful tax practices (HTPs), attracting corporate profits from other countries and eroding their tax bases and their ability to fight inequality.

Singapore comes bottom on this indicator. It has one of the highest foreign direct investment (FDI) to gross domestic product (GDP) ratios in the world, but a high proportion of this is ‘phantom’ investment, due to the country’s low tax rates and a broad range of tax incentives designed to attract investment or to base intellectual property, research or treasury activities there. Of the other countries at the bottom, six are EU members. At the top are 26 countries with no HTPs, of which 23 are lower-income and only Denmark and France are OECD members.

Tax collection

In the 2020 CRI Index we have changed the methodology slightly, so this indicator now looks only at ‘productivity’ – the percentage of tax which each country is collecting compared with what it should collect, based on the tax rates it has set. On this basis, the best performers are countries like the Seychelles, New Zealand, Luxembourg, Barbados, Denmark and Algeria, all of which collect more than two-thirds of the tax their rates should produce. At the other end of the spectrum, countries like Nigeria and Oman continue to collect less than 15% of the tax they should. Average tax productivity has increased slightly (by 0.3%) since the 2018 CRI Index.

Tax impact on the Gini coefficient

Globally, the tax system remains slightly regressive, reflecting the high dependence of many countries on VAT revenues and their very low collection of progressive taxes. On a more positive note, the tax system has become slightly less regressive since 2018, with tax systems in 86 countries estimated to have become more progressive because they are collecting higher shares of their taxes in income taxes, compared with 68 becoming less so.

The countries with the tax systems most geared towards reducing inequality are Ireland, Tanzania, South Africa, Argentina and Georgia, according to the latest analyses by the Commitment to Equity (CEQ) Institute and the OECD. Their progressive tax systems, combined with strong collection of taxes, mean that they reduce their Gini coefficients[32] by around four points using taxes alone. Those with the least progressive systems are mostly Eastern European countries like Bulgaria, which have flat PITs and low corporate tax rates, and are dependent on indirect taxes.

Wealth taxes

The 2020 CRI Index report examines different types of wealth taxes for their potential to mobilize much more revenue. Because wealth inequality has been rising much faster than income inequality, the potential for reducing inequality through taxation of wealth is very high. Based on existing country experience, the measures most likely to yield more revenue are introducing taxes on stocks of wealth and increasing efforts to collect capital gains taxes. There is smaller but still valuable potential from property and land taxes (especially in lower-income countries), inheritance taxes, financial income taxes and financial transaction taxes. Given the need for additional revenue to combat the COVID-19 crisis and to fund progress on public services under the Sustainable Development Goals (SDGs), taxes on property and wealth could raise trillions of dollars extra.

Labour pillar

The CRI labour pillar measures respect for trade unions, legal protection for women workers and minimum wages. It measures levels of unemployment, vulnerable and informal employment. Finally, in 2020 we have introduced a new impact indicator that looks at the impact of labour market inequalities.

Overall labour pillar results

The top 10 countries in the labour pillar are all high-income European countries, which reflects a long history of prioritizing labour rights and women's rights. Among the highest-scoring low- and lower-middle-income countries is Bolivia, which until 2019 was known for its progressive labour policies and a vibrant workers' movement, though this represented only salaried workers, about one-third of the working population. At the other end of the scale, eight of the 10 lowest scorers are low- or lower-middle-income countries in Africa, which mostly reflects very low scores on women's labour rights. India, which has weak labour rights and a high incidence of vulnerable employment, is eighth from the bottom.

Labour rights

In 2017 (the last year for which labour rights were assessed) there was a slight deterioration in the average respect for labour rights worldwide. Most of the top scorers were OECD countries, led by Finland, but Dominica and Palau also featured, as they respected virtually all International Labour Organization (ILO) conventions. Six countries (Belarus, China, Egypt Lao PDR, Uzbekistan and Vietnam) remain at the bottom of the index because they do not allow independent unions. On the other hand, Vietnam's very low score is mitigated by its recent agreement to ratify the ILO Convention on Freedom of Association by 2023, which would allow independent unions from 2021 as part of the recently negotiated EU–Vietnam Free Trade Agreement[33]. Furthermore, Egypt passed a law in 2017 allowing the establishment of independent trade unions; nevertheless, significant administrative hurdles and restrictions are embedded in the legislation.

Bolivia and the Gambia were the countries which most improved respect for labour rights in 2017, together with Botswana, Lesotho and Eswatini (formerly Swaziland). However, labour rights improvements benefit only salaried workers. On the other hand, Spain, the Maldives and Brazil slipped backwards dramatically, due to their governments' anti-union attitudes.

Women's rights in the workplace

Although the overall CRI score for respect for women's rights has improved slightly, this masks changes within the specific rights measured. Some countries, including most recently South Sudan, have improved their laws on equal pay and against gender discrimination in the workplace. However, 10 countries still have no legislation on either issue.

Nearly half of the countries in the CRI Index do not have adequate rape legislation, and one in five does not have any laws criminalizing sexual harassment. There has been a lot of progress on sexual harassment laws since 2017, with 15 new national laws, but only four improvements on rape laws – and most of the 'best' anti-rape laws still require the victim to prove violence rather than defining rape as lack of consent (which the CRI Index will define as the standard in the future).

On a brighter note, many countries have improved on parental leave. Countries like South Sudan, Ethiopia, Zambia, Fiji and Paraguay have all increased maternity leave; Nepal, Ethiopia, Jordan and Lebanon have increased paternity leave; and New Zealand has added 40 days to parental leave since 2018. Yet disappointingly five countries (Lesotho, Papua New Guinea, Suriname, Tonga and the United States) continue to deny parents paid leave.

Minimum wage

Most of the best performers on minimum wages are low-income countries, setting more generous policies on paper. The biggest real increases in 2019 were by the Solomon Islands and Kazakhstan, while five EU governments also increased real minimum wages, moving towards a target of 60% of average wages. Overall, 96 countries increased their minimum wage, but many rates did not rise as fast as GDP, producing a slight overall average fall in scores.

Two modifications to minimum wage calculations have been introduced to the index this year. Some countries, such as the UK, the Netherlands, Belgium and Greece, have a lower minimum wage for young people, so we have penalized them for this by between 2% and 10%, in line with ILO policy. In addition, we have been tougher on 12 countries which exclude some workers (in certain sectors, migrants, etc.), giving them all a zero score. Half of these countries are in the Middle East and North Africa, but since the 2018 CRI Index Djibouti has extended minimum wages to the private sector, and Egypt, Ethiopia and the Maldives intend to follow suit.

Most minimum wages fall well short of wages that would allow workers to cover essential needs, known as ‘living wages’. Many initiatives have been launched around the world to bring minimum wages closer to living wages, but in most countries, progress has been slow: for example, Rwanda’s minimum wage is only 2% of a living wage and has not been changed since 1974.

Vulnerable employment and unemployment

Many low-income countries perform well on the 2020 CRI Index labour pillar, especially on minimum wages. But it is vital to remember that the progressive labour policies of countries like Mozambique and Niger apply to only a small fraction of the population, because 80–95% of the workforce are in vulnerable employment and do not have these rights. Women, in particular, are far more likely to be in vulnerable employment. This shows a key need for stronger policies to encourage formal employment, reduce unemployment and extend some rights to vulnerable employees. In the 2020 CRI Index, we have also widened the definition of ‘vulnerable’ employees to cover workers who are legally deprived of rights by the formal dual labour system known as ‘Kafala’ in Bahrain and Oman. As a result, these countries rank 131st and 138th respectively in the labour pillar. While countries of the Middle East and North Africa (MENA) still adopt the Kafala system, Qatar has introduced a milestone labour reform in 2020 to allow migrant workers to change jobs without the employers’ permission. This unprecedented move presents an effective end of the Kafala system as long as the law is implemented.[34] It is hoped that other countries in the Middle East and North Africa will make similar progress to effectively abolish this system of modern-day slavery.

Impact: wage inequality

Labour policies and coverage are not enough to assess countries’ progress when it comes to inequality. Policies must have an impact on closing the wage gap between rich and poor. In this regard, wage inequality seems to be lowest in OECD countries such as Belgium, Denmark, Norway and others that have a low Gini coefficient for wages, ranging from 0.27 to 0.36. On the other hand, the countries faring worst are mostly in sub-Saharan Africa, with Niger, Liberia and Uganda exhibiting extreme wage inequality. This reflects two main factors: the poor enforcement of policies on women’s rights and minimum wages and the high levels of vulnerable and informal employment in these countries.

CONCLUSIONS AND RECOMMENDATIONS

The coronavirus crisis has exposed the scale of inequality across the world and is likely to leave most countries even more unequal. The need for all governments to rapidly commit to reducing inequality has never been more urgent.

1. Urgent government action to radically reduce inequality

In response to the coronavirus pandemic, governments must dramatically improve their efforts on progressive spending, taxation and workers' pay and protection as part of National Inequality Reduction Plans under SDG 10.

These plans should include increases in taxation of the richest corporations and individuals, and an end to tax dodging and the harmful 'race to the bottom' on taxation. Spending on public services and social protection needs to be increased and its impact on coverage and inequality improved. The coronavirus pandemic has shown the particular urgency of reaching the SDG targets for universal healthcare and social protection. There also needs to be systematic tracking of public expenditures, involving citizens in budget oversight. Workers need to receive living wages and have their labour rights better protected. Women and girls especially need their rights to equal pay, non-discrimination, and protection against sexual harassment and rape to be enforced including for vulnerable workers, more generous parental leave, and a massive investment in paid care to reduce the burden of unpaid care on women.

2. Inequality policy impact and analysis

Governments, international institutions and other stakeholders should work together to radically and rapidly improve data on inequality and related policies, and to accurately and regularly monitor progress in reducing inequality. Governments and international institutions should then analyse the distributional impact of any proposed policies and base their choice of policy direction on the impact of those policies on reducing inequality. The top priorities emerging from this year's CRI are to improve the data and analysis on: the impact of spending on education, health and social protection service coverage and on inequality; the prevalence of wealth taxes, amount of taxes that could be collected, the impact of taxes on inequality, and practices which harm tax collection from individuals; and the coverage and enforcement of labour rights, gender equality and minimum wages in all countries.

3. Coming together to fight inequality

Governments and international institutions which are serious about the deeply harmful impacts of inequality and the need to rapidly reduce it should come together to make the case for urgent action, especially in light of the dramatic increases in inequality that are likely to occur as a result of the coronavirus pandemic. The most urgent policy measures include a global commitment and funding to ensure that COVID-19 vaccines will be free to all countries; and a much more dramatic expansion in social protection to protect workers in lower-income countries. However, for longer term recovery from the coronavirus pandemic, there is a strong possibility that the world will revert to austerity and spending cuts to bring down debt burdens, as it did after the global financial crisis. To prevent this, the international community must enhance its solidarity by approving a large new issue of IMF Special Drawing Rights, extending the current debt standstill through 2022 and providing comprehensive debt cancellation to stop debt service diverting funds from public services; and introducing solidarity taxes on wealth and income from which part of the proceeds go to lower-income countries.

1 THE IMPACT OF COVID-19 ON COMMITMENT TO FIGHT INEQUALITY

THE INEQUALITY VIRUS

Coronavirus has swept across a world that was already profoundly unequal. In country after country it has magnified and worsened these inequalities. While anyone can catch the virus, the equality ends there. Those living in poverty are least able to isolate, to protect themselves. They are more likely to have pre-existing poor health, making them more likely to die. Economically, it is ordinary people who are losing their jobs in their tens of millions, facing huge levels of hunger and hardship. Meanwhile, those at the top have the savings to protect themselves and are more likely to have secure jobs. Women, who are more likely to work in the informal sector, and who make up the majority of health workers, are particularly badly affected. In many countries, Black people and those from ethnic minorities are far more likely to die from COVID-19 than white people.

Box 1: Race and inequality

The CRI Index primarily measures progress on tackling economic inequality, i.e. the gap between rich and poor. However, there is a very strong and two-way relationship between economic inequality and racial inequality.

For example, economic inequality in the United States is rooted in slavery. For 246 years, slave labour built the foundation of the country's great wealth. It is estimated that US slave owners extracted nearly $14 trillion of labour from enslaved persons in today's dollars.[35] For most of the period since the end of slavery in 1865, 'Jim Crow' systems of segregation concentrated black workers into lower-wage jobs, deprived them of loans and mortgages and provided them with vastly inferior education and healthcare. The so-called 'war on drugs' has fed the private prison industry with a disproportionate Black population,[36] robbing countless men and women of years of income, voting rights and, on their release, job and housing opportunities. This legacy of systemic racism and white supremacy persists. In 2015 the median wealth of white households was $139,300 compared with $12,780 for Black households.[37]

South Africa is one of the most economically unequal countries in the world, and this is closely linked to racial inequality. Over 25 years after the end of the racist system of apartheid, a Black person still earns five times less than a white person.[38] During colonization, huge tracts of land were taken by white people from Black people and huge inequality in land ownership persists today, with the 9% of white citizens owning 72% of the land.[39] In terms of social indicators, before the coronavirus pandemic, only one in 10 Black households had health insurance compared with seven in 10 white households, and unemployment was six times higher for Black women than for white men.

In other countries, indigenous ethnic populations in Australasia and Latin America, and lower-caste citizens in India, have long suffered from the same types of institutionalized racism, as have ethnic minorities in almost all wealthy countries.

As a result of these inequalities, COVID-19 has hit those who were already subject to racial discrimination much harder. In the USA, for example, reflecting their lack of insurance, inability to work from home, lower incomes and more crowded housing, Black and Latinx people have been three times as likely to get infected as white people; four times as likely to be hospitalized and twice as likely to die.[40]

Government responses to the coronavirus pandemic

Given that the data in the 2020 CRI Index predates the pandemic, in this section we review government policy responses to COVID-19 for their likely impact on inequality, to bring the analysis up to date. Governments have responded to the coronavirus and its impacts in very different ways.

Health and social protection

Oxfam estimates that at least 160 countries have increased health spending in response to the virus, based on IMF data.[41] A significant number of countries are increasing the number of health workers they have, as well as providing them with increased salaries. Some 70% of the world's health workers are women, on the frontline in tackling the virus. In Lithuania, health worker salaries have been increased by 15%, while Greece has increased its number of intensive care beds by more than 70%, has recruited more than 3,337 health workers and plans to add more.[42] Unfortunately, very few countries appear to have taken steps to cut the user fees and out-of-pocket expenses that prevent the poorest people accessing healthcare. Some countries (e.g. Georgia) have removed fees for coronavirus-related expenses, but not for other medical needs.

There has also been a significant expansion in social protection globally in response to the crisis. Between 1 February and 15 July 2020, 203 countries and territories announced at least 1,218 social protection measures.[43] Many high-income countries with their more comprehensive welfare provision and automatic systems are more able to help anyone who faces destitution.[44] However, some low- and lower-middle-income countries have also seen huge increases in the number of people receiving financial help: for example, Bolivia has scaled up cash transfers by 322% to cover 97% of the population.[45] However, years of reforms supported by the international financial institutions (IFIs) have led many countries to focus on smaller-scale social protection schemes, supposedly designed to target those living in extreme poverty. This left 105 countries with no social protection against unemployment, and only 22% of the global workforce covered.[46] Such countries are very poorly equipped to scale up in the face of the crisis. Many countries have made what look like large increases to their social protection schemes, but are starting from a very low base: Nigeria has scaled up cash transfers by 1,054%, but is reaching only 4.8% of its population.[47] Overall, social protection spending continues to be extremely low in the poorest countries – barely reaching $1 per capita.[48]

Taxation

Most countries have attempted to cut taxes to help relieve the pressure on people and businesses. There have been cuts in value added tax (VAT)[49] which, given this is a regressive tax, are a good thing. Many other countries have sought to defer or postpone tax payments for small businesses to help them stay afloat. More positively, a group of high-income countries have made bailouts of corporations conditional on them no longer using tax havens.[50]

Very few countries have as yet sought to increase taxes on the richest individuals or on companies profiteering from the crisis to help pay for the recovery, which is disappointing. However, in this respect publics are way ahead of governments, with polling showing large majorities in many countries calling for much greater taxation of the richest in response to the crisis.[51]

On the other hand, a few countries, notably Kenya and Indonesia, have lowered their corporate income tax (CIT) rates, and Kenya also chose to lower its top rate of personal income tax.[52] These measures are likely to exacerbate inequality, both directly and by reducing resources for spending.

Labour rights

The coronavirus pandemic has laid bare the brutal lack of basic labour rights for the majority of workers, with tens of millions being laid off with no compensation. Women are hit hardest as they are more likely to work in the informal sector. It seems that high-income countries with existing stronger labour protection have generally been able to weather the storm better: so far they have proven much better able to protect workers and to transition them back from zero or lower hours to full-time where they already had short-time working arrangements in place; and New Zealand has provided $5.1bn in wage subsidies to all workers.[53] But some low- and upper-middle-income countries have also taken major steps: countries like Togo[54] and Namibia[55] have introduced payments to support workers in the informal sector who have lost their jobs. Botswana has implemented a wage subsidy amounting to 50% of salaries of affected businesses ($86–$216 per month for a period of three months).

On the other hand, the ILO has underlined the massive loss of income for formal sector workers from a reduction in working hours equivalent to 555 million jobs during the first half of 2020; as well as the sharp rise in formal unemployment in many countries.[56] The International Trade Union Confederation (ITUC) has also noted that unions are reporting an increase in the suppression of workers' and human rights by more than half of the governments in the countries they have surveyed, using the coronavirus pandemic as an excuse.[57]

Overall assessment

Because the pandemic is still peaking in many countries, it is too early to draw firm conclusions on the relationship between country responses and their performance in the CRI Index. However, it is clear that most of the OECD countries at the top of the index have responded more comprehensively to the pandemic, with larger increases in health and social protection spending, and greater protection for workers and jobs than low-income countries. Within this group, some governments which have been rising up the CRI Index in recent years stand out. South Korea has instituted universal emergency relief payments to 22 million households,[58] and Spain has introduced a permanent basic income for 2.3 million people.[59] Many countries have shown that their short-time working support systems have been much better able to protect workers and reduce layoffs.

Some low- and lower-middle-income countries have also continued to reinforce anti-inequality policies, improving already strong CRI Index performances. Lawmakers in Ecuador had proposed increased taxes on the richest corporations and individuals to pay for the crisis, although the bill was defeated in parliament; other countries have dramatically enhanced anti-inequality policies even though their prior record in the CRI Index was poor. Countries, such as Myanmar, which had a low ranking in the 2018 CRI Index, have found new impetus in response to the crisis, in this case increasing the population covered by social protection by 21 million people, an increase of 8,684%.[60]

However, some governments have taken measures which will worsen inequality: notably Kenya and Indonesia, through their reductions in tax on the wealthy.[61] And far more of the world's lower-income countries have been unable to take significant measures (beyond immediate health spending and cash transfers) due to shortage of budget funds, which means that they are doing nothing to counteract the inequality-increasing impact of the coronavirus pandemic.

Figure 2: Comparing coronavirus responses with countries' CRI performances[62]

Good CRI performance, good coronavirus response	Good CRI performance, poor coronavirus response
South Korea: Built on progressive policies in recent years by introducing universal benefits, bailouts, conditional bailouts, etc. Togo: Provided monthly benefits for all informal workers made unemployed by the pandemic and is increasing health spending to cover 3% of GDP.	Kenya: Good tax score on the CRI Index; responded to the pandemic with tax cuts for rich individuals and corporates and minimal social protection and health measures. Indonesia: good tax score in the CRI Index 2018; despite the crisis, it introduced a permanent cut in CIT to 22% from 25% in 2020–21, and to 20% beginning in 2022.
Bad CRI performance, good coronavirus response	**Bad CRI performance, poor coronavirus response**
Spain: Relatively poor policies in recent years to fight inequality, but at end of May 2020 it introduced a new permanent basic income for 2.3 million people. Bangladesh: Spending $11m on bonus payments to health workers and adding 24 million people to its social protection schemes.	Nigeria: Big percentage increase in social protection, but still covers only 10 million people when 90 million live on less than $2 a day.

There is no doubt that the virus has shown publics around the world that their governments need to do – and in some cases have the will to do – far more to protect them. Many of these responses are temporary, but they give an indication of what is possible. History shows that many reforms, including the first ever income tax, which was created in the UK as a temporary measure to fund the Napoleonic wars, become permanent.[63]

The role of the IMF and the World Bank in the coronavirus response

In response to the economic impact of coronavirus, the IMF has made available US$1 trillion in emergency funding and has cancelled some payments on debt service owed to it; so far it has disbursed US$88bn to 80 countries and has saved 28 countries $251m in debt service.

The IMF has also been at the forefront of speeches and analysis emphasizing how the pandemic is worsening inequality, especially for vulnerable workers and women, and suggesting policy responses such as expanded unemployment and health benefits, sick leave, cash transfers and public works programmes; potentially funded by increasing income and wealth taxes.[64]

However, its emergency programmes have focused on closing the huge budget and balance of payments financing gaps produced by coronavirus-related revenue collapses, and on allowing more space for health and limited social protection spending to confront the crisis. There has been virtually no mention in national programmes of the impact of emergency policy measures on inequality.[65]

In addition, the IMF's global, regional and national reports are already warning of the need for 'fiscal consolidation' i.e. austerity, to reduce debt burdens once the pandemic has been contained. Virtually all of the national emergency loan documents emphasize the need for governments to make anti-coronavirus spending temporary and to take fiscal adjustment measures to reduce deficits after the pandemic. For example, in June 2020, the IMF agreed a 12-month, $5.2bn loan programme with

Egypt, which detailed a FY2020/21 primary budget surplus target of 0.5% to allow for spending related to the coronavirus pandemic, but demanded that it be restored to the pre-crisis primary surplus of 2% in FY 2021/22.[66] The IMF has also been linked to large cuts in health spending, which have left countries ill-prepared for the crisis.[67]

It will be essential that IMF advice on recovery programmes makes fighting inequality central, through progressive taxation, social spending and enhanced labour rights; and that the institution adopts clearer policies supporting universal healthcare and social protection to accelerate progress on the SDGs and prevent future pandemics from exacerbating inequality once again.

The World Bank has pledged $160bn in emergency funding over the next 15 months, and has advocated debt relief by other creditors, but has so far refused to cancel any debt owed to it, despite low-income countries repaying $3.5bn to the World Bank in 2020.[68] Its emergency funding has centred on health and social protection. The speed and scale of the World Bank's COVID-19 health support to-date has been important for countries in their initial emergency response to this crisis. However, Oxfam's analysis shows that only 8 of 72 World Bank COVID-19 health projects[69] included any measures to reduce financial barriers to accessing health services, even though a number of these projects acknowledge high out-of-pocket health expenditure as a major issue. Such expenditures bankrupt millions of people each year and exclude them from treatment. It is these kinds of gaps in project design that can seriously limit the World Bank's potential impact on inequality. In terms of social protection, the Bank continues to encourage narrowly targeted rather than universal social protection programmes.

To make its response to the pandemic consistent with its poverty reduction and 'shared prosperity' goals, the Bank's support needs to focus on ensuring free, universal healthcare and social protection, and to provide debt relief to countries to support this extra spending., The Bank also needs to ensure its programming to support domestic resource mobilization is supporting tax progressivity, and it should also eliminate its 'Doing Business' tax criterion which encourages cuts in corporate tax rates.

The way forward

It is currently unclear how the ultimate response to the coronavirus pandemic will unfold. On the positive side, the leaders of almost all the major global organizations (ILO, IMF, ITUC, OECD, United Nations, WHO) are suggesting that the pandemic's disproportionate impact on the poor shows the need to accelerate measures to fight inequality, both globally and nationally. They have been making global proposals which include free access for all to COVID-19 vaccines, and a Global Social Protection fund to provide a permanent social protection floor in all countries, both of which are sorely needed. The UN and WHO have particularly emphasized the need to accelerate progress on the health and social protection Sustainable Development Goals, partly in order to offset the increases in inequality and poverty due to the pandemic, but also to ensure that there is greater social 'resilience' in countries for any future similar events.

However, all of these institutions have also emphasized that funding sources for any permanent reinforcement of anti-inequality policies are falling woefully short. This is particularly true for most low- and lower-middle-income countries, which have not been able to borrow more money at a reasonable cost on international financial markets, especially given that their debt burdens have increased dramatically as a result of falls in budget revenue and GDP from the pandemic. In addition, there is so far no major overall increase in the flow of OECD government aid funds to lower-income countries: some countries are announcing increases, some stabilizing and some cutting in line with their falls in GDP due to the pandemic.[70] These factors explain why, even with the extra support provided by the IFIs, the scale of average packages to fight COVID-19 in lower-income countries is low (1.4%) compared with emerging economies (3.4%) and high-income economies (7.9%).[71] There is a major risk that once the pandemic subsides, if extra financing is not available, the emphasis will be on fiscal consolidation with a return to pre-pandemic levels of public services spending in order to help reduce country debt burdens.

Where can this extra money be found? There is of course scope for many more countries to introduce solidarity income and wealth taxes to ensure that the wealthiest pay their fair share.[72] There is also need for a dramatic strengthening and acceleration of global and national action to combat tax dodging, notably by introducing progressive digital services taxes and requiring all companies receiving coronavirus assistance to publish country-by-country accounts and avoid the use of tax havens.[73]

However, it will be impossible for low-income countries to recover sustainably – let alone adopt more ambitious policies on resilience through health and social protection – unless we maximize international solidarity. Three sets of measures will be vital to this effort:

1. **Issuing Special Drawing Rights (SDRs).** The IMF has the ability (subject to approval by its member states) to issue global currency known as SDRs to its members, which can be fed through into their balance of payments and budgets and used to provide more fiscal space for spending on public services and to increase resilience. During the global financial crisis in 2009, the IMF issued SDRs to help countries combat the global recession. Many have called for a much larger issuance of SDRs – up to $3 trillion – during 2020, and the principle of issuing SDRs generated a consensus among all but two of the IMF members at the 2020 Spring Meetings in April. Since then the scale of the economic crisis has become even worse, strengthening the case.[74]

2. **Providing debt relief.** Even before the coronavirus pandemic hit, 64 lower-income countries were paying more in external debt service than they were spending on health, with low-income countries and small islands particularly hard hit. High debt burdens were also reducing their space to spend on education and social protection. Debts have become even more burdensome as a result of the crisis, due to collapses in country revenues. So far, the global response has been limited to cancellation of debt service to the IMF for 25 countries during 2020, and a standstill on payments to G20 governments during the same period (with extra interest adding to the debt in the meantime). It is now clear that the economic impact of the pandemic will be felt well into 2021 and 2022 in most low- and lower-middle-income countries, and that as a first step the debt standstill should be extended to the end of 2022 and should include multilateral and commercial creditors. However, this will not stop debt levels crowding out social spending and undermining progress to the SDGs over the longer term. Many countries will need comprehensive debt cancellation and reduction to ensure that they do not have unsustainable levels of debt stopping them from investing in greater resilience through universal health and social protection.[75]

3. **International solidarity taxes.** As G20 countries design their own tax responses to fund recovery from the pandemic, they must bear in mind that low-and lower-middle-income countries need additional funds far more urgently: the pandemic has shown that extra borrowing by most G20 countries has not pushed up borrowing costs, and therefore they can bring down their own debt burdens much more slowly than those of lower-income countries. As a result, they should allocate 50% of any revenue raised from digital, financial transaction and other solidarity taxes in their own countries to increasing aid flows.

2 THE 2020 INDEX RESULTS: FIGHTING INEQUALITY THROUGH PUBLIC SERVICES

WHAT IS THE PUBLIC SERVICES PILLAR MEASURING?

The public services pillar focuses on three social spending areas which have a large impact on inequality: education, health and social protection. In each of these the following three areas are covered:

1. Spending commitment indicator: this measures governments' commitment to spending**.** It is underpinned by evidence[76] that spending on public services fights inequality.[77]

2. Coverage indicators: these measure the coverage of public services, with a focus on equity**.** They are new for the CRI Index in 2020 and measure how well commitments are leading to service coverage, especially for the poorest people.

3. Impact indicator: this measures the impact on inequality through investment in public services. Using incidence studies,[78] this indicator looks at the extent to which public investment in services reduces economic inequality in each country.

Table 5: The CRI Index 2020 public services pillar: overall results

Top performers on public services		Bottom public performers on services	
Poland	1	South Sudan	158
Finland	2	Chad	157
France	3	Nigeria	156
Ireland	4	Central African Republic	155
Germany	5	Niger	154
Slovenia	6	Afghanistan	153
Belgium	7	Lao PDR	152
Denmark	8	Guinea-Bissau	151
Japan	9	Mali	150
Austria	10	Guinea	149

The top 10 countries in this pillar all use their public services to fight inequality. Near the top of the rankings are a cluster of OECD countries in which publicly funded social investments have historically played a critical role in reducing inequality.

Slightly further down the rankings are some countries which achieve a lot with less income. Ukraine, for instance, comes top of the lower-middle-income group at number 24 overall. It invests in public services in a way that has been shown to have a major impact on inequality, with incomes for the poorest people nearly doubling as a result of public service transfers;[79] this is credited with helping to give the country one of the lowest rates of inequality in the world.[80] Nevertheless, recent cuts in health spending and an increase in out-of-pocket expenditures are worrying and show that Ukraine could still do more.[81]

The bottom 10 countries show, conversely, that low and unequal levels of spending lead to weak coverage and minimal impact on inequality. South Sudan, at the very bottom of the rankings, spends just 12% of its budget on health, education and social protection combined; instead it spends huge sums on debt servicing (47%) and the military (18%).[82] This is exacerbating a growing inequality problem in the country.[83]

Some low-income countries such as Sierra Leone and Ethiopia are making good progress on public services, and their low scores in this pillar are largely a reflection of their very weak scores on the coverage sub-indicator. For some of these countries, we expect to see progress in the coming years in the CRI Index; for instance, the government of Sierra Leone has committed to a major expansion of free education, from pre-primary through to secondary, for all,[84] and has made pledges on maternal health,[85] which will improve its ranking in coming years.[86]

Government spending on education, health and social protection

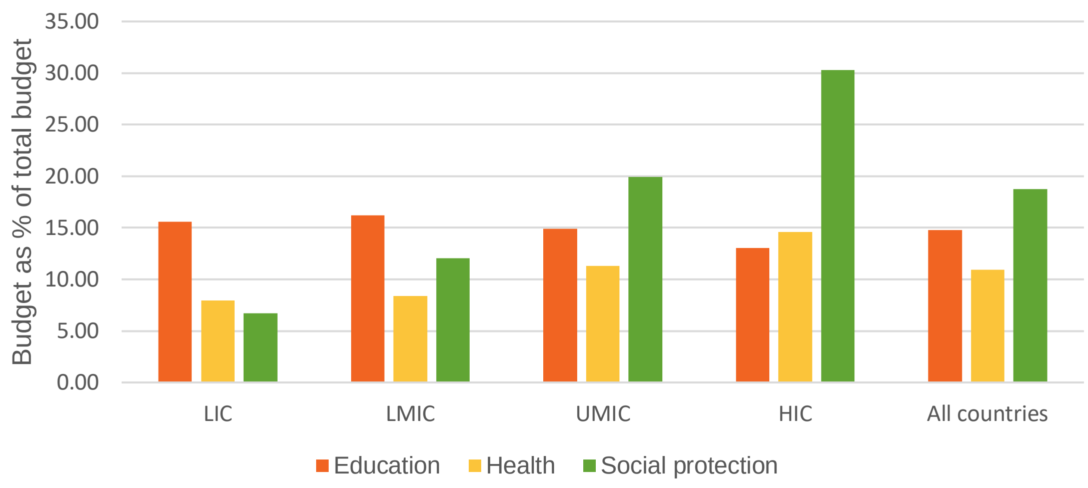
The public spending indicators analyse the percentage of their budgets that governments spend on the three sectors – an expression of policy commitments to these services. The average budget as a percentage of governments' expenditure on the three areas has increased marginally by 0.2% to 14.8% since the 2018 CRI Index. In the same period, 79 countries cut their budgets and 72 increased them, while three countries spent the same.

Table 6: Top and bottom spending countries on public services

Costa Rica	1	South Sudan	158
Chile	2	Nigeria	157
Argentina	3	Timor-Leste	156
Uzbekistan	4	Lao PDR	155
Japan	5	India	154
United States	6	Nepal	153
Denmark	7	Afghanistan	152
Ireland	8	Sri Lanka	151
Australia	9	Chad	150
New Zealand	10	Egypt, Arab Rep.	149

Low- and lower-income countries spend more on education but less on health and social protection than high-income countries.

Figure 3: Public services spending, by income group[87]



Indicator PS1a: Education spending

Overall, spending on education has remained stagnant at around 14.8% of government budgets since the 2018 CRI Index. While 73 countries cut their spending on education, 71 increased spending, and 10 remained at the same level. Ethiopia comes second from the top for the highest spending on education; this is helping it to register the fastest progress on the education SDG targets in sub-Saharan Africa.[88] As with previous CRI Index reports, Nigeria is at the bottom of the rankings; it is home to the highest number of out-of-school children in the world,[89] yet it still spends the least on education.

A number of countries have also raised their spending on education – with significant increases registered by the Democratic Republic of Congo (DRC), Congo, Panama, Barbados and the Gambia. DRC stands out: it has made huge progress since the 2018 CRI Index and has more than tripled the budget share since 2011,[90] as part of a commitment to increase the education budget to 20%.[91] This investment is vital in a country where half of all girls are out of primary or secondary school.[92] The new government which came to power in 2019 has pledged to go further,[93] making primary schools free; DRC is one of the last countries in the world to do so. As a result, an estimated additional 2.5 million children have been able to go to school.[94]

At the other end of the scale, both Niger and Haiti have seen significant cuts to their education budgets and have fallen dramatically down the rankings;[95] crucially, this has seen them backtracking on previous progress in expanding education budgets, despite the cuts having appalling outcomes for the poorest students.[96] For instance, a child from poor family in Haiti has a 1% chance of completing secondary schooling; in this context, cuts to education spending are unacceptable.[97]

Table 7: Biggest education budget raisers and cutters as a percentage of total government budget

Top education budget raisers		**Biggest education budget cutters**	
Country	**Increase %**	**Country**	**Cut %**
Congo, Dem. Rep.	7.81	St. Lucia	-8.02
Congo, Rep.	6.32	Uzbekistan	-7.30
Panama	6.05	Haiti	-5.33
Barbados	5.44	Niger	-4.97
The Gambia	5.20	Bhutan	-4.81

Indicator PS1b: Health spending

Overall, spending on health has seen very small rises, going from 10.6% of budgets in the 2018 CRI Index to 10.9% in the 2020 index. Sixty countries cut their spending on health, while 91 increased it; three did not change the proportion of their budgets going to health.

Egypt has dropped down the rankings on health spending. This is a move in decidedly the wrong direction, given that fewer than half of all Egyptians are covered by health insurance, which drives very high household spending (Egypt has the third-highest catastrophic out-of-pocket[98] spending in the index), and there are very unequal health outcomes.[99]

Towards the bottom of the overall health spending ranking is India, which has also made cuts to its health budget (albeit small) and has fallen to third-last position of this ranking. This is particularly damaging when just half of India's population has access to even the most essential services, and more than 70% of health spending is being met from household budgets.[100] This has left the country woefully ill-prepared to deal with the coronavirus pandemic.

At the other end of the scale, there are some notable movements upwards in the health spending ranks – even if some of these are starting from a low base. Kenya has made universal health coverage (UHC) a high priority for government policy, with this becoming one of its 'Big Four' spending priorities.[101] Following reforms of its healthcare system, Vietnam has been increasing its spending considerably over the last few years, although again this comes from a low base, and some very large health inequalities remain.[102] Vietnam's response to the coronavirus pandemic has been one of the best in the world.[103]

Table 8: Biggest health budget raisers and cutters as a percentage of total government budget

Top health budget raisers		**Biggest health budget cutters**	
Country	**Increase %**	**Country**	**Cut %**
Botswana	7.02	Gambia, The	-5.69
Zimbabwe	6.62	Chad	-3.54
Eswatini	5.44	Solomon Islands	-3.52
Liberia	4.34	Honduras	-3.42
Congo, Dem. Rep.	4.22	Uzbekistan	-2.93

Note: The fact that Zimbabwe has increased health-related spending by 6.62% has not translated tangibly to better health services or access. Over the past year, public health services have further deteriorated, while doctors and nurses have been on strike to protest against extremely low wages.

Indicator PS1c: Social protection spending

Spending on social protection appears also to have seen some marginal gains, from an average of 18.5% in the 2018 CRI Index to 18.7% in 2020. Many countries (68) have cut their spending on social protection, while 56 have increased it, and 30 countries have neither increased nor cut their budgets. At the top of the ranking, OECD countries dominate. Argentina comes at the very top and, moreover, has seen some of the biggest spending increases; this should add to a picture of high social protection spending that has been shown to significantly help in the fight against inequality.[104] The increase has held in spite of an attempt by President Macri to pass an austerity budget that would have seen cuts to social protection; this was halted after it met resistance from citizens.[105]

Box 2: Measuring the gendered impact of public services – what the CRI Index cannot show

When women are expected to care for sick and elderly family members at home, access to health services can reduce the burden. Social protection can target women to help empower them economically. But often the women who have the least, such as those living in poverty in rural areas or marginal urban areas, get the least help or bear the largest burden when public services are not available. Women are also more likely to increase the amount of unpaid care work that they do when measures to cut public spending are introduced. The coronavirus pandemic has led to a sharp increase in unpaid care work.

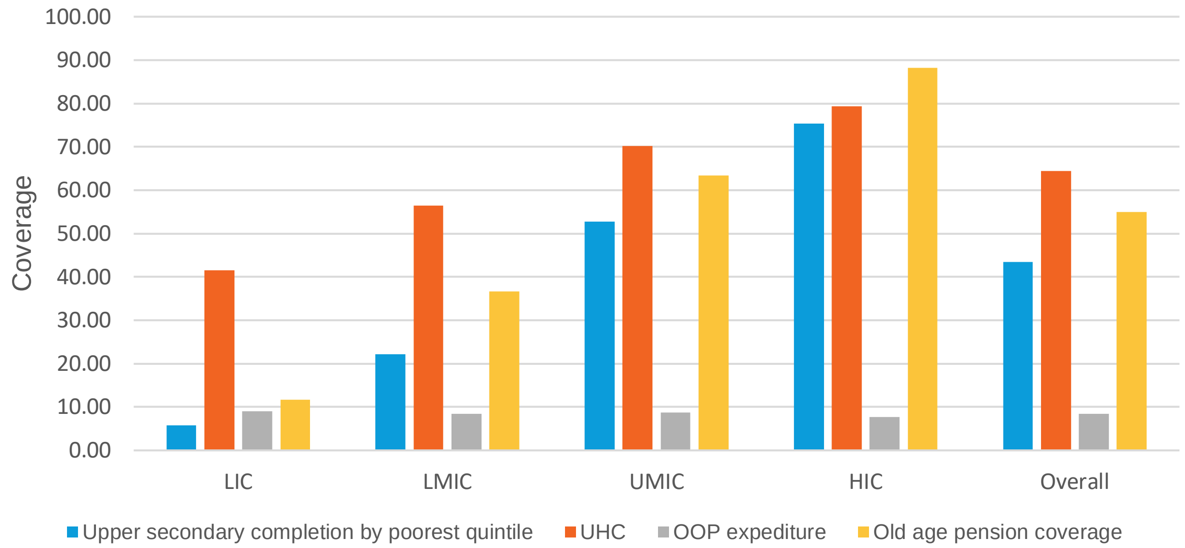
Public services need to be more gender-responsive to meet the needs of women more effectively. Given the huge gender disparities, more and better targeted spending addressing gender inequality should be a touchstone for how governments make decisions on budgets. Gender-responsive budgeting can help to analyse the current impact of budgets and to target more spending directly to women, such as on maternal healthcare.

SDG indicator 5.c.1 aims to measure the number of countries which have systems to track whether their budgets are gender-responsive. Monitoring by UN Women and the Global Partnership for Effective Development Co-operation has begun, but the last survey in 2018 received only 70 country responses.[106] The results of this latest survey were disappointing too, with only 13 countries[107] having comprehensive tracking systems, meaning that inclusion of these data in the CRI Index is so far not possible.[108]

Coverage of public services to reduce inequality

It is not enough to spend more on public services; how public services and social protection schemes are designed, financed or delivered also has a massive impact on reducing inequality. The coverage indicators in the 2020 CRI Index aim – within the current data limitations[109] – to look at how governments' spending commitments are redressing known sources of inequality in service coverage.

Figure 4: Public services coverage by income group

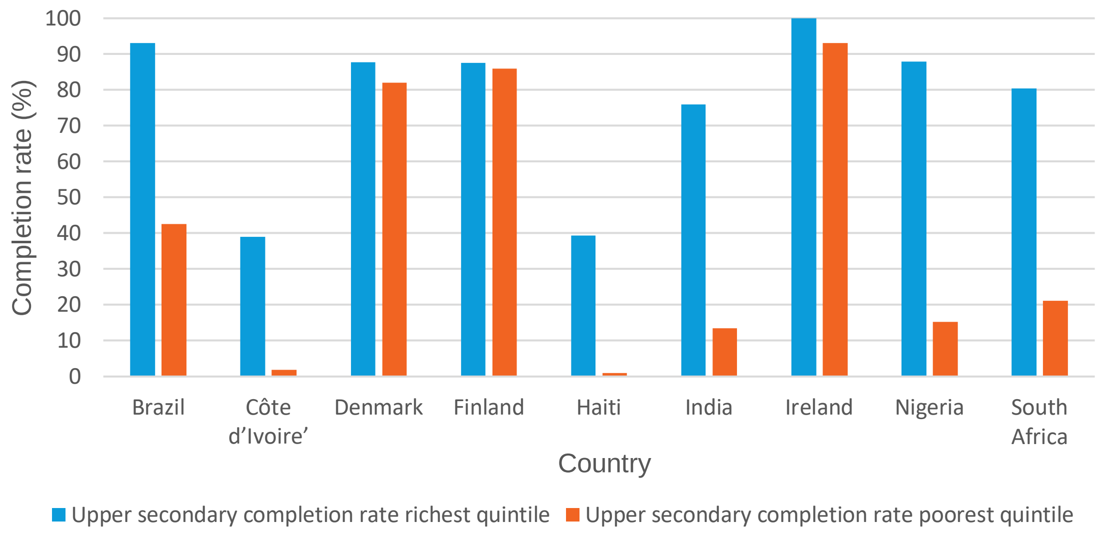


Indicator PS2a: Education completion for the poorest quintile[110]

This indicator focuses on completion of secondary education for the poorest quintile. The index shows wide variation between countries, with some of the smallest gaps in coverage in countries known for equitable education, such as Finland (see Figure 5). Nigeria has the biggest gap: 90% of the richest young people complete secondary school, compared with only 15% of those from the poorest households.[111]

Many of the world's lowest-income countries come at the bottom of the ranking for this indicator; many have lower than a 1% completion rate for their poorest children: for example, Mozambique, Chad, Niger and Madagascar. Although many have made recent commitments to scaling up secondary education and have backed this with significant spending pledges, this is yet to show up in terms of young people making it all the way through schooling, e.g. Ethiopia.[112]

Figure 5: Completion of upper secondary schooling – comparing gaps between the richest and poorest quintiles



Source: data from UNESCO database.[113]

Indicator PS2b: Universal healthcare

This indicator includes two components; both are used to measure progress on SDG 3.8. The first component measures the ratio of the population who have access to essential health services;[114] the second measures financial protection from catastrophic out-of-pocket health spending (defined as the percentage of the population spending more than 10% of household income on healthcare).[115] Many of the top performers on this indicator are high-income countries which scaled up universal health coverage (UHC) decades ago, offering healthcare free at the point of delivery. But some also show what is possible in a short period of time, with the right investment; for example, Costa Rica, a top health spender in the index, scaled up access to near universal primary healthcare from a low of just 25% in just a decade,[116] which helped reduce inequality.[117]

Towards the bottom of the ranking are Nigeria, India and Pakistan, which are spending too little to meet the needs of a majority of their populations; they are essentially abandoning their people to the vagaries of a hugely unequal system, characterized by crumbling and under-resourced public health services, or a highly commercialized and unregulated private healthcare sector (as can be seen in Table 6).

Table 9: Comparing coverage with spending – some of the lowest performers on both are lower-middle-income countries with huge health inequalities

Country	**% of population with access to essential basic health services (UHC)**	**% of population who experience catastrophic out-of-pocket spending** (at 10% of household budgets)	**CRI Index health spending rank**
Nigeria	42%	10% (22.1 million)	2nd from bottom
India	55%	17% (238.2 million)	4th from bottom
Pakistan	45%	5% (9.8 million)	6th from bottom

Indicator PS2c: Pension coverage as a measure of social protection coverage

This indicator uses pension coverage as a proxy for overall social protection coverage (due to a lack of data across all programmes[118]). It measures the percentage of the population of pensionable age who are receiving a pension. In total, 40 countries have achieved 100% coverage on this indicator, reflecting the fact that 68% of older people are now covered around the world.[119] All but 10[120] are high-income countries, which tend to spend the largest proportion of their budgets on social protection and have ageing populations.

Only three lower-middle-income countries – Bolivia, the Kyrgyz Republic and Mongolia – have universal old-age pensions, all which have been shown to have an impact on inequality.[121] In Bolivia, as far back as 2009, the Renta Dignidad (Dignity Pension) was scaled up to universal coverage through taxes on oil and gas, and this led to a major reduction in poverty[122] and inequality.[123] This shows the potential for other lower-income countries to follow suit.

Sadly, however, in most countries pensions are doing too little to protect those who most need it. In more than 50 countries, on this indicator fewer than half of those of pensionable age are covered; the bottom 35 countries cover less than 10% of their elderly populations.

We also know that social protection models must expand far beyond pensions – which alone are an inadequate way of covering the population and fighting inequality,[124] and it is vital that all governments universalize social protection (see Box 3, which explains universal social protection coverage).

Box 3: Universal social protection must be a priority in fighting inequality

Social protection is a human right, and is defined as the set of policies and programmes designed to reduce and prevent poverty and vulnerability throughout the lifecycle. Social protection includes cash and in-kind benefits provided for children, mothers and families; support for those who are sick and without jobs; and pensions for older and disabled persons. These benefit schemes are not only for the poor, as anyone may fall sick, lose a job or have a child – and everyone inevitably gets old.

Universal social protection systems with adequate benefits reduce not only poverty but also inequality. Public social protection systems are redistributive, transferring funds from employers and higher-income earners to those with lower incomes due to lack of jobs, sickness, disability, maternity or old age. They can also powerfully reduce gender inequalities. Countries that spend more on social protection have lower levels of inequality. In Georgia, cash transfers have reduced the Gini coefficient from 0.41 to 0.36, with 75% of the reduction attributed the country's universal pension scheme. It is important to note that private insurance, such as private pensions, perpetuate inequality.

Source: ILO World Social Protection Reports 2014-15 and 2017-19, author Isabel Ortiz.

Impact: how hard are public services working to fight inequality?

The impact of spending on inequality indicator uses incidence studies from a number of countries[125] which show how well spending benefits the poorest or the richest groups in society. The importance of spending (along with tax) in fighting inequality has been recognized in 2020, with a new SDG inequality indicator goal adopted which looks at the redistributive impact of fiscal policies, with its spending analysis matching the indicator used here.[126]

Evidence shows that public spending on social services is almost always progressive because it helps reduce existing levels of inequality;[127] however, its impact varies hugely across countries and within different services. Poland, top of the ranking on this indicator, demonstrates the power of spending to fight inequality: its spending 'substantially reduces inequality'.[128] Some of the countries ranked at the bottom of this indicator, such as Turkey,[129] have been pulled down from previous years, due to cuts in spending.[130]

This is because the extent of redistribution depends both on the amount of spending and on its progressivity: those countries which spend too little, or do not spend progressively, do not have as large an impact. For instance, in Latin America, Uruguay achieves more redistribution from spending less than many other countries in the region by spending progressively, which pulls it up the ranking on this indicator; Guatemala, however, has both very low spending and low progressivity, leading to a close-to-neutral impact on inequality, so it comes at the bottom of the ranking of Latin American countries. [131]

3 FIGHTING INEQUALITY THROUGH TAX POLICY

HOW THE CRI INDEX ASSESSES TAX POLICY

The CRI Index 2020 has not significantly changed the indicators used to assess tax policy, compared with previous versions.[132] The indicators are used look at policy, implementation and impact.

1. **Policy:** Are the main taxes (personal income tax, corporate income tax and value added tax or general sales tax) progressive? Does their burden fall more on those who can afford to pay? This indicator also includes an assessment of whether a country uses harmful tax practices, behaving like a tax haven for corporations.

2. **Implementation:** How successfully does the country collect its main different types of taxes?

3. **Impact:** What is the impact of the tax collected on income inequality (measured by the Gini coefficient)?

THE CRI INDEX 2020 TAX POLICY RESULTS

Overall tax progressivity on paper

Table 8 shows the best and the worst tax performers in the CRI Index 2020. As with the other pillars, no country does uniformly well on all tax indicators. South Africa comes at the top of the rankings in 2020, reflecting a tax system which is relatively progressive on paper and good tax collection, which combine to give it a tax system with high impact for reducing inequality.[133] However, South Africa is also at the top because others are doing badly, and the country needs to take many more steps to make its tax system fit to fight its extremely high levels of market inequality more effectively. It could do this by exempting more products consumed by those on low incomes from VAT; by making its personal income tax (PIT) more progressive and reducing tax exemptions for private education, health and pensions; by increasing the ‘productivity’ (i.e. collection) of its income taxes; by raising its capital gains tax (CGT) rates to match income taxes; and by introducing a wealth tax. Among the other top performers, Togo has the world’s second most progressive tax system on paper, including the most progressive PIT, but it does less well on tax collection, so only reduces inequality moderately.[134]

At the bottom of the tax rankings is Bahrain, reflecting its lack of any progressive income taxes.[135] Of the other countries in the bottom 10, Vanuatu also lacks any income taxes, and Oman lacks a PIT. North Macedonia, Moldova, Serbia and Vanuatu also perform badly on the impact of their tax systems for progressivity because they are all very dependent on regressive indirect tax revenues and because they have very low, flat or non-existent income taxes.

Table 10: The best and worst tax performers in the 2020 CRI Index

Top 10 on tax pillar		Bottom 10 on tax pillar	
South Africa	1	Bahrain	158
Togo	2	North Macedonia	157
China	3	Vanuatu	156
Georgia	4	South Sudan	155
Djibouti	5	St. Vincent and the Grenadines	154
Afghanistan	6	Lithuania	153
Australia	7	Moldova	152
Canada	8	Serbia	151
Kenya	9	Liberia	150
Tunisia	10	Occupied Palestinian Territory	149

Indicator T1a: Progressivity of personal income tax

The 2020 CRI Index has adopted a new method of calculating PIT progressivity, based on the rates and thresholds used by each country compared with per capita GDP.[136] According to this formula, most of the countries with the most progressive PIT systems on paper are low-income, and are led by Togo, the Central African Republic (CAR), Pakistan, Ecuador and Cambodia. At the other end of the scale, 14 countries continue to have regressive 'flat tax' systems, charging the same percentage to all taxpayers. In addition, in 2019 five countries still had no PIT (the Bahamas, Bahrain, the Maldives, Oman and Vanuatu). However, in 2020 the Maldives introduced a progressive income tax with a top rate of 15%, partly to increase revenue collection but also to make its tax system more progressive.[137]

During 2018–19, the same number of countries (14) raised PIT top rates as cut them. Chad cut its rates the most, reducing the top rate to 30% from a very high 60%. Some countries made deliberate and dramatic decisions to switch away from flat tax systems to progressive ones (Latvia, Lithuania, North Macedonia), or to make their systems overall much more progressive (Seychelles, Jordan).[138] Others went in the other direction, introducing flat tax systems (Moldova, Uzbekistan).

Overall, the average top PIT rate increased very slightly, from 30.22% to 30.34%. In more recent moves, Chile, Costa Rica and Malaysia have increased their top rates in 2020, while Armenia is moving to a flat tax and Zimbabwe will cut its top rate further, to 40%.

Table 11: Personal income tax – the top and bottom countries on progressivity

Top PIT increasers (%)		Biggest PIT cutters (%)	
Seychelles	+15	Chad	-30
Jordan	+12	Uzbekistan	-11
Lithuania	+10	Moldova	-6
Latvia	+8.4	Romania	-6
North Macedonia	+8	The Gambia	-5
Barbados	+6.5	Zimbabwe	-5
Colombia	+6	Portugal	-3.2
Ghana	+5	United States	-2.6
Lebanon	+5	St. Vincent and the Grenadines	-2.5
Malawi	+5		
Pakistan	+5		

Indicator T1a: Progressivity of corporate income tax

Corporate income tax (CIT) is generally a progressive tax in that it is charged on profits which would otherwise be paid out as dividends or profits to relatively wealthy company owners. The countries with the highest CIT rates continue to be Guyana (40%) and Bangladesh, Chad, Guinea, Jordan, Malta and Zambia (all 35%). At the other end of the scale, three countries (the Bahamas, Bahrain and Vanuatu) continue to have no CIT.[139]

The trend in average corporate tax rates has been slightly downwards since the 2018 CRI Index, falling from 24.1% to 23.9%. However, over half of this fall is due to a massive cut in CIT of 13% by the United States and, overall, almost the same number of governments have raised rates as have cut them. In positive steps, Trinidad and Tobago and Uzbekistan have increased their corporate tax rates to make them equal to PIT and to reduce tax avoidance, while Latvia, South Korea and Ecuador have made deliberate decisions to make tax systems more progressive. On the other hand, most of the cutters are wealthier countries, including Belgium and Luxembourg.

Several governments are also planning further cuts for 2020/21 (Argentina,[140] Belgium, Greece and Sweden). In all of these countries, tax cuts reflect the arrival in power of less progressive governments (in Sweden's case they were necessary to ensure the support of centrist parties for a Social Democratic/Green government[141]). Indonesia, which was a star anti-inequality performer in the 2018 CRI Index, has unfortunately decided to slash corporate tax rates from 25% to 17% by 2022, accelerating this move during the coronavirus crisis.[142]

Table 12: Corporate income tax – top increasing and biggest cutting countries

Top increasers (%)		**Biggest cutters (%)**	
Trinidad and Tobago	+5	United States	-13
Latvia	+5	Argentina	-5
Uzbekistan	+4.5	DRC (non-mining)	-5
South Korea	+3.3	Belgium	-4.4
Ecuador	+3	The Gambia	-4
Oman	+3	Cape Verde	-3
Lebanon	+2	St. Vincent and the Grenadines	-2.5
Portugal	+2	Luxembourg	-2.1
Turkey	+2	Norway	-2
		Togo	-2

Box 4: OECD countries' longer-term cuts in tax progressivity

Over the past 20 years, many OECD countries have been reducing the progressivity of their income taxes, in a cycle of downward competition. Figure 6 shows OECD corporate tax rates. Every country except Chile (which started at a very low level) has cut its rate since 2000, with the biggest falls in Germany, Greece, Canada, Belgium, the United States and Italy. Hungary, Ireland and Lithuania have the lowest CIT rates. Other countries including France have also introduced lower rates for smaller companies. Since 2010, this trend has reversed in some countries, with Iceland, South Korea, Latvia, Portugal, Slovakia and Turkey[143] increasing rates. Belgium, Greece and Sweden have also announced plans for further cuts.

Figure 6: Corporate income tax rates, OECD (%)

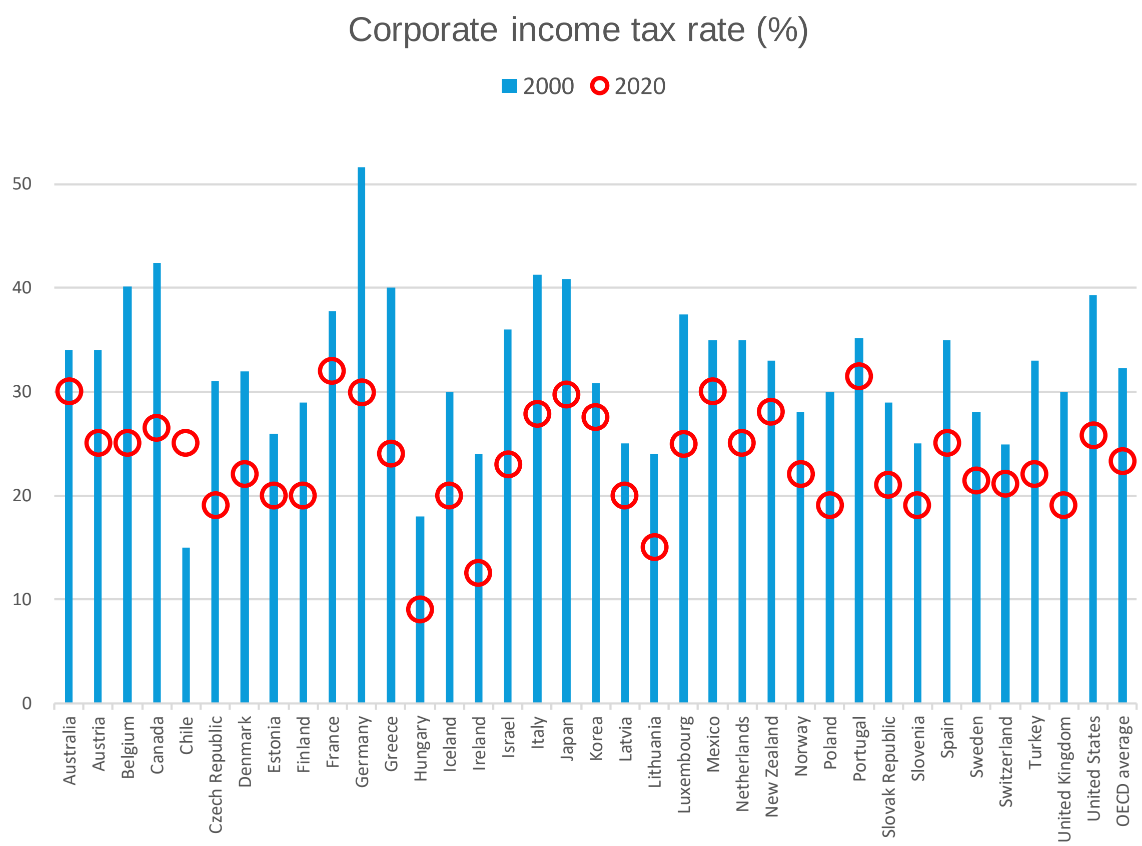
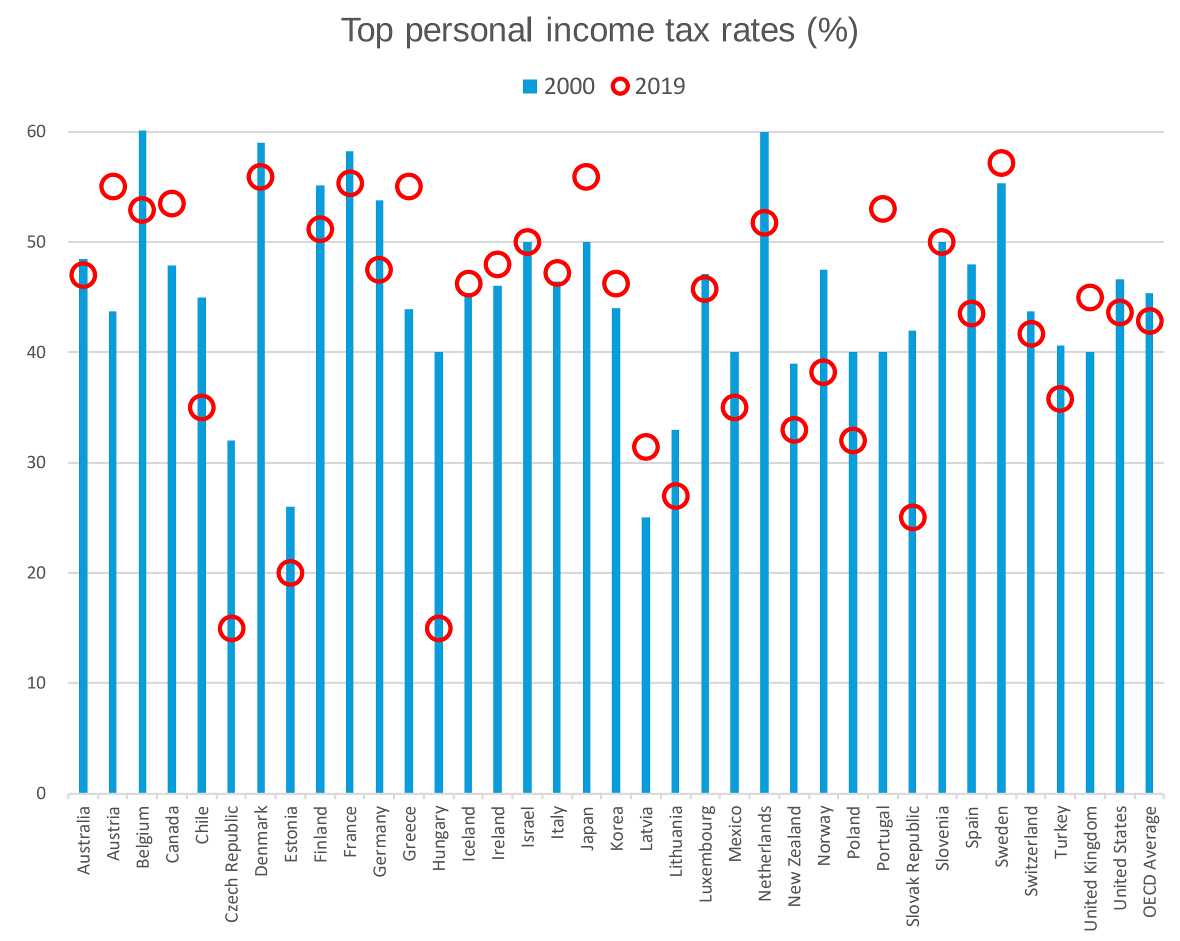


Figure 7 shows more mixed trends in top PIT rates in OECD countries. Between 2000 and 2010, 27 countries cut their top rates, while only six increased them; but since the global financial crisis, 22 countries have increased their top rates and only nine have cut them. As a result, the average top PIT rate had fallen by 4.7% by 2010, but has risen by 2.2% in the last decade. Since 2000, Hungary, Czechia, Slovakia, Chile, Norway, the Netherlands, Poland, Belgium and Germany have cut their top rates by more than 6%, while Portugal, Austria, Greece and Latvia have increased them by more than 6%.

Figure 7: Top personal income tax rates, OECD (%)



Indicator T1a: Progressivity of VAT

VAT is usually a regressive tax, so higher rates exacerbate inequality. However, around 40 countries (of which three-quarters are lower-income countries) have taken measures to make VAT neutral or progressive, notably by exempting basic foodstuffs and small traders. These adjusted rates are the ones used for the CRI Index VAT indicator. On the other hand, Denmark, Brazil, Hungary and Lithuania all have VAT rates above 20% with no mitigating anti-regressive measures.

VAT is very effective in collecting revenue, which is why it has become very widespread in recent decades. Since 2018, eight more countries[144] have introduced VAT or have announced an intention to do so, leaving only 16 (including a region) without VAT.[145] While introducing VAT, São Tomé, Angola and Bahrain have increased rates.

As shown in Table 13, relatively few countries have changed their VAT rates since 2018. Only China has cut its rate significantly, from 17% to 13% at the end of 2019, reflecting a wish to switch away from excessive reliance on indirect taxes. On the other hand, 10 countries have increased their rates, reflecting a need to fill fiscal financing gaps. As a result, the average global VAT rate tracked by the CRI Index has risen from 15.5% to 15.7%.

Table 13: Top VAT nominal rate increases and decreases

VAT introduction or increase (%)		VAT reduction (%)	
São Tomé	+10% – introduced VAT	China	-4% (17% to 13%)
Angola	+6% – introduced VAT		
Bahrain	+5% – introduced VAT		
Bahamas	+4.5% to 12% (2018)		
Vanuatu	+2.5% to 15% (2018)		
Nigeria	+2.5% to 7.5% (2020)		
Montenegro	+2% to 21% (2018)		
Russia	+2% to 20% (2019)		

Indicator T1b: Harmful tax practices

The CRI Index includes as a negative indicator the degree to which a country adopts and implements harmful tax practices (HTPs), attracting corporate profits from other countries and eroding their tax bases and ability to fight inequality.

Since the 2018 CRI Index, more than 40 countries have agreed to reforms moderating their harmful practices, largely as a response to the threat of being blacklisted by the EU through the EU list of non-cooperative jurisdictions for tax purposes.[146] Nevertheless, this process remains flawed and weak, because it focuses on whether countries give preferential treatment to foreign (as opposed to domestic) companies or profits and excludes most EU countries from any screening. The CRI Index indicator therefore adopts a wider definition of HTPs, notably the amount of 'phantom' foreign direct investment (FDI) a country attracts according to the IMF, and covers all EU countries.[147] This year we have added 27 new countries to this assessment to match the broader CRI Index.

Singapore comes bottom on this indicator. It has one of the highest ratios of FDI to gross domestic product (GDP) in the world,[148] but a high proportion of this is 'phantom' due to the country's low tax rates and a broad range of tax incentives designed to attract investment or to encourage companies to base intellectual property, research or treasury activities there.[149] Of the others at the bottom, five are EU members. At the top are 26 countries with no signs of HTPs, of which 23 are lower-income and only Denmark and France are OECD members.

Table 14: Top 10 countries and regions with harmful tax practices

1	Singapore
2	Hong Kong SAR, China
3	Cyprus
4	St. Vincent and the Grenadines
5	Luxembourg
6	Ireland
7	Mauritius
8	Switzerland
9	Malta
10	Liberia

Indicator T2: Tax collection

This indicator has also been changed since the 2018 CRI Index, by removing the 'tax effort compared with potential' element, which was showing virtually perfect tax performance for some OECD countries (which is not the case, according to national sources). This means that the indicator now looks only at 'productivity' – the percentage of tax which each country is collecting compared to what it should collect if its tax rate applies to all relevant components of GDP. It therefore reflects some elements of tax policy (such as exemptions) as well as administrative success in collecting taxes. However, it no longer takes account of other factors which might enhance a country's potential collection of tax, such as its level of GDP, and therefore brings down the scores of lower-income countries sharply compared with the 2018 CRI Index.

On this basis, the best performers in the 2020 CRI Index are the Seychelles, New Zealand, Luxembourg, Barbados, Algeria and Denmark, all of which collect more than two-thirds of the tax their rates should produce (assuming there are no tax exemptions). At the other end of the rankings, the Occupied Palestinian Territory (OPT), Oman, South Sudan, CAR, Chad, DRC, Guinea-Bissau and Nigeria continue to collect less than 15% of the tax that they should – in the cases of OPT, South Sudan and CAR, due to major conflict. Comparing average productivity between the CRI Index in 2018 and 2020, there has been a slight improvement, from 36.7% to 37%.

Indicator T3: Tax impact on the Gini coefficient

This indicator stays the same as in the previous CRI Index reports, measuring the degree to which countries' tax policies and collection are reducing or increasing inequality. Countries which are collecting far more VAT and other indirect taxes than direct taxes, and are not modifying the indirect taxes to make them inequality-neutral (by exempting small traders and products consumed by those with low incomes), are likely to be increasing inequality. On the other hand, countries which are collecting mostly progressive income taxes will be reducing inequality.

Overall, the global impact of the tax system continues to be very slightly regressive, reflecting the high dependence of many countries on VAT revenues and their very low collection of progressive taxes. However, it has become slightly less regressive in the last two years, with tax systems in 86 countries estimated to have become more progressive, compared with 68 becoming less so. The countries with tax systems reducing inequality the most are Ireland, Tanzania, Argentina, Georgia and South Africa; Those with the least progressive systems are Serbia, Moldova, North Macedonia, Morocco and Bulgaria.

The next step: wealth taxes

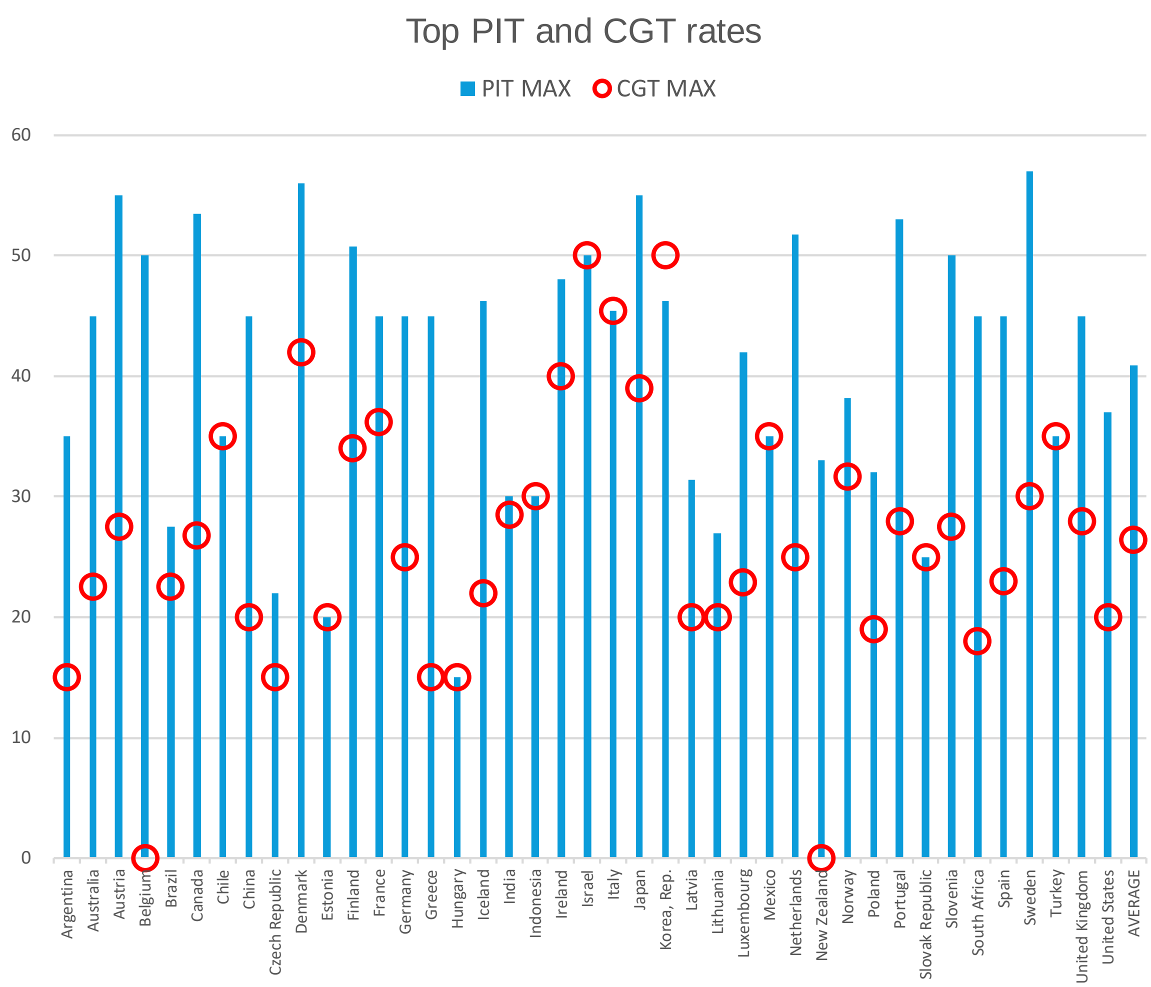
As discussed in the 2018 CRI Index, inequality is much higher for wealth than it is for income, largely because the value of financial and property assets held by the rich has been going up much faster than labour income, on which those living in poverty rely. As a result, and especially to finance expenditures relating to the coronavirus pandemic, many global experts are now arguing for the taxation of wealth as one of the best potential ways to reduce inequality.[150]

So, the Index looks at the key gaps in types of taxes across OECD and G20 countries which have the most wealth available to tax. It has concentrated on two key taxes which could raise the most revenue: capital gains taxes and taxes on the stock of wealth.

Capital gains taxes (CGTs) exist in 80% of countries covered by the 2020 CRI Index. However, in most countries these are much lower than personal income tax, which encourages wealthy people to reclassify income as capital gains to reduce their tax liability.

Figure 8 shows maximum PIT and CGT rates for 2019 for a sample of 41 OECD and G20 countries. All except South Korea have top PIT rates equal to or higher than their top CGT rates. Belgium[151] and New Zealand stand out for having respectively almost no or no capital gains taxes. The average top PIT rate for this group is 14.5% higher than their CGT rate. In addition to this, many types of capital gains are exempted from tax in various countries, notably non-business property sales and sales of shares. Multinational companies are also increasingly avoiding CGT by using offshore indirect transfers; a recent Oxfam report has found that, for only seven cases, such avoidance exceeded $2.2bn.[152] As a result, CGT collection remains low in OECD countries (0.3% of GDP). In many lower-income countries the picture is even worse, with no CGT at all, and so collection averages 0.1% in Asia and 0.2% in Africa and Latin America.

Figure 8: Top PIT and CGT rates



As discussed in the 2018 CRI Index, taxation of wealth and property has the potential to mobilize large amounts of additional revenue for governments. Nine countries continue to tax stocks of wealth, raising revenues of between 0.5% and 5% of GDP; but since 2018 France has moved backwards by limiting the scope of its wealth tax, exempting all financial assets.

Many other massive loopholes remain in the taxation of wealth. Virtually all countries have property taxes, but rates are often low and not progressive, and collection is poorly enforced. Three-quarters of countries have inheritance taxes, but these vary dramatically and often exclude all but the largest estates. Most countries have taxes on financial income (from shares, deposits, bonds and investment funds), but they are usually much lower than taxes on labour income, and rates do not rise with the scale of the income. Many countries also have taxes on financial transactions (of shares, stocks or other assets), but these are generally set at very low levels.

As a result, overall collection of wealth taxes averages only 2.2% of GDP in OECD countries, only 1% in Latin America and 0.5% in Asia and Africa.[153] Proposals have been made in recent years that low rates of wealth taxes on just the highest earners in OECD countries could raise between 1% and 4% of GDP in additional tax revenues.[154] It remains clear that for most countries there is huge potential for greater taxation of wealth.

4 FIGHTING INEQUALITY THROUGH LABOUR RIGHTS AND WAGES

As with the other pillars, the CRI Index labour rights pillar looks at policy, coverage and impact indicators. It measures three areas of labour policy through which governments can fight inequality.

1. Respect for labour and union rights: This indicator scores what governments are doing to support stronger labour and union rights through legislation, as well as how effectively this is being implemented, given that there is often a wide gap between law and practice. The data for this indicator are based on the Labour Rights Indicators designed for SDG 8.8 by the Center for Global Workers' Rights (CGWR) at Penn State University. Worker organization has been shown to be the most powerful tool for workers to improve their rights and earnings and reduce inequality.

2. Legal protection for women workers: This indicator scores countries according to whether they have legislation in place on equal pay for equal work, against discrimination in the workplace, and to protect workers against rape and sexual harassment. It also assesses the length and levels of statutory pay provided to encourage balanced parental leave for both parents.

3. Fair minimum wages: This indicator measures the minimum wage set by each government as a proportion of per capita GDP. A minimum wage is the legal starting point for wage negotiations, protecting the most vulnerable employees from exploitation and poverty wages. We have chosen to compare it with per capita GDP in order also to reflect the labour earnings share of GDP, which has been falling in most countries for the past few decades.

In terms of coverage, the CRI Index continues to track the proportion of the population that does not legally benefit from the labour rights we measure, using data on unemployment and vulnerable employment. We present these indicators separately, to show the legal maximum coverage of the rights (that is, excluding unemployed, informal and vulnerable workers); and then we discount the policy scores of the countries by the proportion of the workforce to which the rights do not apply. But of course, as emphasized in the 2018 CRI report, even if workers are legally entitled to rights, this does not mean that they receive them. There is strong global evidence of the failure to enforce women's rights and minimum wages in the formal economy, and unless governments dramatically strengthen enforcement inequality will not fall. To take account of these shortfalls in implementation, we have also included an indicator measuring the impact of labour policies on reducing inequalities: the Gini coefficient of wages.

CRI INDEX 2020 LABOUR RIGHTS AND WAGES RESULTS

The top 10 countries in the work and wages pillar are all high-income European countries (see Table 15). Among the highest-scoring lower-middle-income countries is Bolivia, known until 2019 for progressive labour policies and a vibrant domestic workers movement, though this represented only salaried workers, about one-third of the working population. At the other end of the scale, eight of the 10 lowest scorers are low- or lower-middle-income countries in Africa: virtually all of them have very low scores on women's labour rights (except Burundi and DRC, where low scores on broader labour rights drag them down). India, which has weak labour rights and a high incidence of vulnerable employment, is eighth from the bottom.

Table 15: Labour rights and wages – top and bottom countries in the CRI ranking

Top 10 on labour pillar		Bottom 10 on labour pillar	
Norway	1	Nigeria	158
Denmark	2	Central African Republic	157
Slovak Republic	3	Burundi	156
Finland	4	Ethiopia	155
Slovenia	5	South Sudan	154
Iceland	6	Uganda	153
Sweden	7	Cameroon	152
Belgium	8	India	151
Czech Republic	9	Guinea	150
Luxembourg	10	Haiti	149

Indicator L1a: Labour and union rights

In terms of labour rights, on a scale of 0 to 10 (10 being worst) according to the Penn State University Labour Rights Indicators, there has been a slight deterioration in country scores, from an average of 3.19 in 2016 to 3.29 in 2017 (the latest year for which country scores are available).[155] This is an indication of growing labour rights violations as some countries turn towards right-wing populism. The list of top-performing countries is similar to the overall labour pillar ranking where OECD countries dominate, but some upper-middle-income countries (Dominica and Palau) also scored very well, respecting virtually all the International Labour Organization (ILO) labour rights agreements.[156]

At the other end of the rankings, there were 14 countries in 2017 which continued to ban independent trade unions;[157] seven of these are in the Middle East and North Africa. On the other hand, Vietnam's abysmal score does not reflect its recent positive agreement to allow independent unions from 2021.[158]

Table 16: Labour and union rights – top- and bottom-scoring countries

Top 10 on labour and unions rights		Bottom 10 on labour and unions rights	
Finland	1	Lao PDR	149
Iceland	2	Djibouti	149
Norway	2	China	149
Slovak Republic	4	Vietnam	149
Cyprus	5	Uzbekistan	149
Luxembourg	5	Egypt, Arab Rep.	149
Ireland	7	Belarus	149
Slovenia	8	Bangladesh	148
Austria	9	Pakistan	147
St. Lucia	10	Philippines	145

Note: Several countries at the bottom of the rankings on this indicator have the same score, so share the bottom ranking.

The major risers and fallers during 2017 are shown in Table 17. Bolivia and the Gambia stand out for reducing the oppression of labour movements, as do Botswana, Lesotho and Eswatini in Southern Africa. At the other end of the scale, Spain, the Maldives and Brazil slipped backwards dramatically, reflecting clampdowns on labour rights under previous Spanish governments and dictatorial Maldives governments, and a decline in labour rights in Brazil under the former President, Michel Temer. While Spain and the Maldives have since reversed these trends, the decline in Brazil has continued under President Bolsonaro.[159]

Table 17: Labour rights – major changes in the CGWR ranking in 2016–17

Rising scores		Falling scores	
Bolivia	+1.87	Spain	-2.55
The Gambia	+1.60	Maldives	-2.02
Botswana	+1.49	Brazil	-1.70
Lesotho	+0.99	Croatia	-1.43
Eswatini	+0.97	Côte d'Ivoire	-1.34

Box 5: The ITUC Global Rights Index[160]

The International Trade Union Confederation (ITUC) compiles a labour rights index which ranks 144 countries on their degree of respect for workers' rights. The ITUC Global Rights Index rates countries on a scale from 1 (high) to 5+ (low) on their degree of respect for workers' rights based on reported violations of ILO Conventions in law and in practice each year (April to March).[161] The index therefore reports labour issues in a 'bottom-up' way that complements desk research based on available data.

In 2020, the 10 worst countries for workers in the ITUC index are Bangladesh, Brazil, Colombia, Egypt, Honduras, India, Kazakhstan, the Philippines, Turkey and Zimbabwe. Jordan, Pakistan, South Africa, Togo and Venezuela have all seen declines in 2020, while eight countries have improved: Argentina, Canada, Ghana, Namibia, Qatar, Sierra Leone, Spain and Vietnam. The worst region is the Middle East and North Africa, followed by Asia-Pacific; the best region is Europe, followed by the Americas; Africa falls in between.

The 2020 index shows that an increasing number of countries are impeding the registration of unions, denying workers both representation and rights. The number of countries which denied or constrained freedom of speech increased from 54 to 56 in 2020.

Indicator L1b: Women's labour rights

The overall average score for women's labour rights has improved slightly since the CRI Index 2018, from 0.7 to 0.73, reflecting better tracking of existing laws and changes by a few countries, notably South Sudan, which introduced anti-discrimination, equal pay and sexual harassment legislation in 2019. On the other hand, 10 countries listed in Table 18 have no legislation on either equal pay or gender discrimination; and more than 20 countries lack at least one of these laws. In addition, across the world these non-discrimination and equal pay laws remain largely unenforced. Iceland's introduction in 2018 of an Equal Pay Standard where companies are audited and certificated independently for their compliance provides a standard which other countries could follow.[162]

Table 18: Countries without equal pay or anti-discrimination laws

Barbados	Singapore
Belize	Solomon Islands
Brunei Darussalam*	Sudan*
Nigeria	Suriname*
Sierra Leone	Tonga*

* Not included in the CRI Index due to lack of data on other policies

The situation is bleaker when it comes to laws against rape and against sexual harassment in the workplace: 49% of countries in the CRI Index do not have adequate rape laws and 20% do not have laws criminalizing sexual harassment. There have been new harassment laws in no fewer than 15 countries since 2017[163] but much less progress on rape, with only Belize, Kosovo, Palestine and Eswatini improving laws. The results on rape laws would be even worse if we had adopted 'consent-based rape' legislation as the standard (see Box 6).

Box 6: The need for rape legislation based on consent

The CRI Index assesses rape laws based on an agreed international definition that requires the accuser to prove the use or threat of violence or coercion, and then looks at the comprehensiveness of legislation, i.e. whether it covers marital rape and prevents a rapist from escaping prosecution by marrying the survivor.[164] Yet the 'coercion definition' has led to widespread impunity, with little reduction of rape prevalence and falling levels of convictions.[165]

Feminist activists all over the world have therefore been rallying around the fight for legislation which defines rape as the lack of freely given consent to sex, based on the international human rights standard in the Istanbul Convention. Only 12 countries (Belgium, Cyprus, Fiji, Germany, Greece, Iceland, Ireland, Luxembourg, Namibia, Sweden, Portugal and the UK) have laws that meet this standard (though Finland, Spain and Slovenia are changing theirs). This type of law is much more effective: in Sweden, the number of convictions rose by 75% after the introduction of consent-based legislation in 2017. It is not a panacea, however, and it needs to be accompanied by fundamental changes of attitude in law enforcement and judicial agencies, and of norms in wider society. But the consent-based definition must be the minimum that we all expect, so from 2021 the CRI Index will track whether laws are consent-based, and urges the SDG monitors to do likewise.

More encouragingly, there has been progress in many countries on parental leave. Many low-, lower-middle and upper-middle-income countries have added to their maternity leave entitlement – led by South Sudan with an extra 34 days, Ethiopia with 30 and Fiji and Zambia with 10. Paraguay has also increased the proportion of prior salary paid during leave from 75% to 100%. Other countries have improved paternity leave, notably Nepal, which has added 15 days. New Zealand has added to its combined paid parental leave, building in an extra 20 days in 2018 and a further four weeks in 2020, in the middle of the coronavirus pandemic.[166] However, in spite of the global trend, Lesotho, Papua New Guinea, Suriname, Tonga and the United States continue to deny parents paid leave – the same five countries that were noted in the 2018 CRI Index.

Box 7: Transformative care policies are essential to reduce gender inequality

Unpaid care work is largely invisible, undervalued and overlooked in government policies and statistics, and is overwhelmingly left to women to provide. A heavy burden of unpaid care work remains a key barrier to women's social and economic rights, restricting them from moving out of precarious work and into decent work. Across high- and low-income countries, there is a negative correlation between the amount of time that women spend on unpaid care work and gender gaps in economic participation and earnings.

Transformative care policies recognize the value of care, and of unpaid care work, as 'work'. They centre the rights of carers; foster shared responsibility for care between women and men, and between households, the state and employers; and reduce the time and intensity of the most onerous care tasks, such as fetching water. Ultimately, transformative care policies seek to change entrenched gender norms and provide women with choice in how they spend their time, whether in paid dignified work, education, political life or leisure. Such policies have huge potential to reduce overall inequality and gender inequality.

Two examples:

Subsidized childcare: Since introducing a low-fee, universal childcare programme in 1996, the Canadian province of Quebec has seen the proportion of women aged 26–44 in the paid workforce reach 85%, the highest in the world. The scheme has paid for itself and has increased government savings, generating income tax revenue to cover more than 100% of the cost. A higher number of young women in Quebec's labour force have also reduced their dependence on social benefits, allowing benefits for others to be increased.

Affordable, accessible and quality infrastructure: Since 1999 the publicly owned Phnom Penh Water Supply Authority (PPWSA) in Cambodia has been running a 'Clean Water for Low-Income Families' programme as part of the government's poverty reduction policy. The programme has significantly reduced the cost of water for more than 30,000 poor households and has contributed to time savings for women and children. PPWSA has enabled low-income households in particular to benefit from the programme by raising awareness about the subsidies and proactively identifying beneficiaries.

Future editions of the CRI Index will aim to quantify and rank transformative care policies.

Sources: C. Coffey et al. (2020); World Economic Forum (2019); ILO (2018); P. Fortin (2017); V. Esquivel and A. Kaufmann (2017).[167]

Indicator L1c: Fair minimum wage[168]

Most of the best performers in the CRI Index rankings on minimum wages continue to be low-income countries such as Mozambique and Niger, which set very generous policies on paper; however, it Is above all in low-income countries that these policies fail to reach vulnerable workers and workers in the informal sector, and where the enforcement of minimum wages is weak.

In 2019, 96 countries in the CRI Index increased their minimum wages and only 55 did not. The highest real increases were by the Solomon Islands, which merged its general and agricultural wages and doubled them,[169] and Kazakhstan, which raised the minimum wage by 50%. One other clear upward regional trend was in the EU, where several governments[170] have been increasing minimum wages to aim at 60% of average wages – a target which many have been advocating Europe-wide. Many other countries did not increase their minimum wages as fast as their per capita GDP rose, resulting in a slight decline in average country scores for minimum wage/per capita GDP compared with the CRI Index rankings in 2018.[171]

At the other end of the rankings are 12 countries which have no comprehensive minimum wage;[172] it is striking that half of these countries are in the Middle East and North Africa. Two key positive developments since the 2018 CRI Index have been Djibouti's introduction of a private sector minimum wage and announcements of similar plans by Egypt, Ethiopia and the Maldives before the coronavirus pandemic (though they have delayed them during 2020).[173]

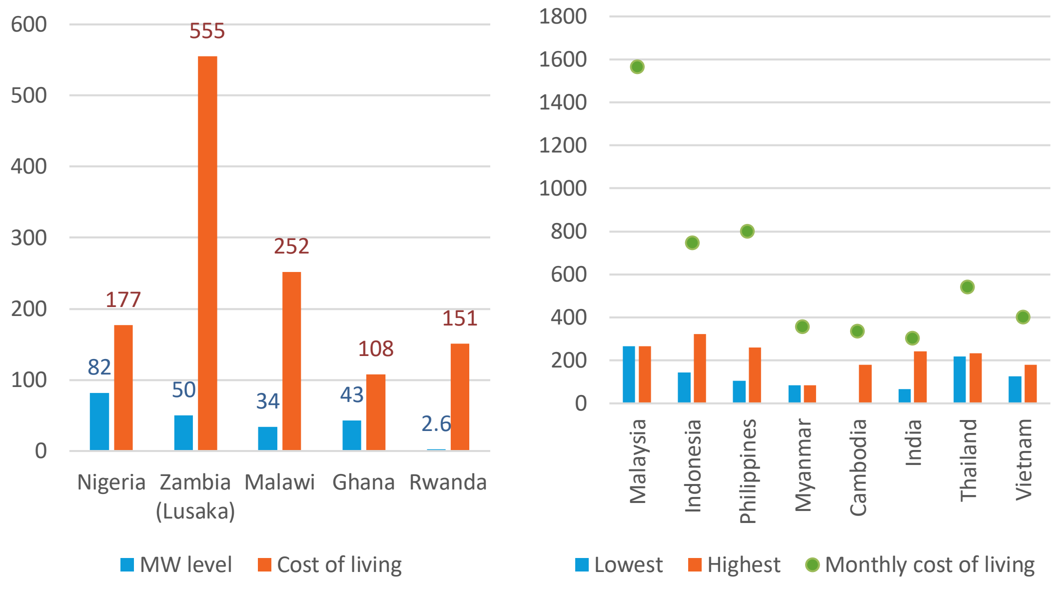
Box 9: Minimum wages and living wages

For minimum wages to have a major impact on reducing inequality, they need to be based on an effective estimate of the cost of living. Working full-time needs to deliver a minimum wage where the take-home pay is sufficient ‘to afford a decent standard of living for the worker and their family’.[174] This is the ‘living wage’ which covers essential needs for food, water, housing, education, healthcare, transportation, clothing and provision for unexpected events.

There has been a range of initiatives in recent years to identify living wage benchmarks and to close the gap between current wages and a living wage. These include benchmarks (in-depth studies) and reference values (desk studies) commissioned by the Global Living Wage Coalition; data points researched by WageIndicator.org; the Living Wage employer accreditation scheme in the UK; the Equitable Food Initiative in the US; a living income ‘community of practice’ and sector-specific collaborative initiatives such as the World Banana Forum, Malawi Tea 2020 and Action, Collaboration, Transformation initiative (ACT); and an investor-led initiative, Platform Living Wage Financials. All have set out with the aim of reaching a living wage over time, but several barriers have hindered measurable results on the ground for workers, including very low starting minimum wage levels, the absence of collective bargaining between unions and employers, companies’ purchasing practices and investor short-termism.

Figures 9 and 10 show that, due to these problems, minimum wages still fall far short of living wages in five African and eight Asian countries. The most extreme disparity is in Rwanda, which has not revised its minimum wage since 1974, so it now represents only 2% of a living wage.

Figures 9 and 10: Monthly minimum wages vs. cost of living, Africa and Asia



Source: ITUC, March 2020.[175]

Indicator L2: Vulnerable employment and unemployment

In the CRI Index 2018, low-income countries performed much less well in the labour pillar overall, because most workers are vulnerably employed or unemployed, and we used data on vulnerable employment and unemployment to discount all policies, reducing their scores.

Therefore, in interpreting the 2020 CRI Index labour pillar, it is vital to remember that countries which now score well, such as Mozambique and Niger, also have extremely high levels of vulnerable employment (respectively 79.73%, 83.1% and 93.6% of the workforce). This means that all the rights measured in the L1 indicators (labour rights) are legally available only to a very small number of workers. This shows the need for stronger policies to encourage formalization of employment and to reduce unemployment, as well as policies to try to extend some or all of these rights to vulnerably employed workers.

The levels of vulnerable employment and unemployment in countries have barely changed since the 2018 CRI Index report, but in the 2020 edition we have added to these groups of workers without rights migrant workers, who represent four-fifths of the labour force in Bahrain and Oman, for example.[176] Their work is governed by the Kafala system, which is often described as modern-day slavery because workers cannot quit their job or leave the country without prior authorization, and they face discrimination in wages and social security rights.[177]

Indicator L3: Gini coefficient of wages

The final indicator in this pillar has been included to measure the overall impact of policies, including their implementation and coverage, on inequality of labour income – as measured by the Gini coefficient of pre-tax wages. Labour policies and coverage alone are not enough to assess a country's progress when it comes to inequality. They need to have an impact, particularly on closing the gap in pre-tax wages between the rich and the poor. In this regard, wages seem to be the least unequal in OECD countries such as Belgium, Denmark, Norway and others that have a low wage Gini coefficient, ranging from 0.27 to 0.36. At the other end of the scale, the poorer-performing countries are mostly in sub-Saharan Africa, such as Niger, Liberia and Uganda, which exhibit extreme inequalities in spite of some progressive policies on paper. This reflects two main factors: the poor enforcement of policies on women's rights and minimum wages, and high levels of vulnerable and informal employment.

CONCLUSION AND RECOMMENDATIONS

The coronavirus crisis has exposed the scale of inequality across the world and is likely to leave most countries even more unequal. The need for all governments to rapidly commit to reducing inequality has never been more urgent.

1. Urgent government action to radically reduce inequality

In response to the coronavirus pandemic, governments must dramatically improve their efforts on progressive spending, taxation and workers' pay and protection as part of National Inequality Reduction Plans under SDG 10.

These plans should include increases in taxation of the richest corporations and individuals, and an end to tax dodging and the harmful 'race to the bottom' on taxation. Spending on public services and social protection needs to be increased and its impact on coverage and inequality improved. COVID-19 has shown the particular urgency of reaching the SDG targets for universal healthcare and social protection. There also needs to be systematic tracking of public expenditures, involving citizens in budget oversight. Workers need to receive living wages and have their labour rights better protected. Women and girls especially need their rights to equal pay, non-discrimination, and protection against sexual harassment and rape to be enforced including for vulnerable workers, more generous parental leave, and a massive investment in paid care to reduce the burden of unpaid care on women.

2. Inequality policy impact and analysis

Governments, international institutions and other stakeholders should work together to radically and rapidly improve data on inequality and related policies, and to accurately and regularly monitor progress in reducing inequality. Governments and international institutions should then analyse the distributional impact of any proposed policies and base their choice of policy direction on the impact of those policies on reducing inequality. The top priorities emerging from this year's CRI Index are to improve the data and analysis on: the impact of spending on education, health and social protection service coverage and on inequality; the prevalence of wealth taxes; the amount of taxes that could be collected; the impact of taxes on inequality and practices which harm tax collection from individuals; and the coverage and enforcement of labour rights, gender equality and minimum wages in all countries.

3. Coming together to fight inequality

Governments and international institutions which are serious about the deeply harmful impacts of inequality and the need to rapidly reduce it should come together to make the case for urgent action, especially in light of the dramatic increases in inequality that are likely to occur as a result of the coronavirus pandemic. The most urgent policy measures include a global commitment and funding to ensure that COVID-19 vaccines will be free to all countries; and a much more dramatic expansion in social protection to protect workers in lower-income countries. However, for longer term recovery from the coronavirus pandemic, there is a strong possibility that the world will revert to austerity and spending cuts to bring down debt burdens, as it did after the global financial crisis. To prevent this, the international community must enhance its solidarity by approving a large new issue of IMF Special Drawing Rights, extending the current debt standstill through 2022 and providing comprehensive debt cancellation to stop debt service diverting funds from public services; and introducing solidarity taxes on wealth and income from which part of the proceeds go to lower-income countries.

ANNEX: CRI INDEX RANKINGS

Table A1: CRI Index 2020 country/region rankings

Country	Public services ranking	Tax ranking	Labour ranking	CRI ranking
Norway	14	21	1	**1**
Denmark	8	28	2	**2**
Germany	5	17	11	**3**
Belgium	7	37	8	**4**
Finland	2	61	4	**5**
Canada	26	8	20	**6**
France	3	47	16	**7**
New Zealand	21	11	34	**8**
Austria	10	50	18	**9**
Sweden	11	78	7	**10**
Ireland	4	72	17	**11**
Slovenia	6	97	5	**12**
Poland	1	115	23	**13**
Iceland	25	67	6	**14**
Japan	9	52	32	**15**
Australia	30	7	43	**16**
Israel	33	41	13	**17**
South Africa	44	1	53	**18**
Luxembourg	23	82	10	**19**
Malta	42	29	12	**20**
Seychelles	45	15	29	**21**
United Kingdom	13	80	33	**22**
Netherlands	15	93	21	**23**
Czech Republic	12	114	9	**24**
Italy	18	81	31	**25**
United States	16	76	37	**26**
Portugal	28	77	30	**27**
Ukraine	24	58	39	**28**
Spain	22	66	36	**29**
Croatia	19	111	14	**30**
Estonia	27	103	22	**31**
Slovak Republic	20	140	3	**32**
Belarus	29	31	62	**33**
Chile	37	36	47	**34**
Argentina	31	53	48	**35**
Russian Federation	49	45	41	**36**
Kyrgyz Republic	46	14	61	**37**
Hungary	32	129	15	**38**

Country	**Public services ranking**	**Tax ranking**	**Labour ranking**	**CRI ranking**
Switzerland	36	119	19	**39**
Costa Rica	41	46	51	**40**
Guyana	71	38	42	**41**
Bulgaria	39	125	26	**42**
Latvia	38	136	27	**43**
Greece	35	121	40	**44**
Georgia	50	4	102	**45**
Korea, Rep.	54	43	54	**46**
Lithuania	17	153	25	**47**
Tunisia	94	10	60	**48**
Bolivia	43	57	79	**49**
El Salvador	95	26	52	**50**
Cyprus	52	142	24	**51**
Namibia	34	59	104	**52**
Belize	79	30	73	**53**
Lesotho	84	20	76	**54**
Mongolia	62	51	82	**55**
Uzbekistan	40	35	117	**56**
China	61	3	124	**57**
Ecuador	81	24	87	**58**
Hong Kong SAR, China	53	128	45	**59**
Botswana	48	56	100	**60**
Romania	51	147	28	**61**
Honduras	107	22	65	**62**
Colombia	55	60	94	**63**
Uruguay	56	109	49	**64**
Kazakhstan	47	122	55	**65**
Jordan	80	70	64	**66**
Barbados	58	92	75	**67**
Thailand	70	40	103	**68**
Armenia	72	75	80	**69**
Algeria	91	18	99	**70**
Brazil	64	102	71	**71**
Maldives	86	84	59	**72**
Mexico	68	83	89	**73**
Azerbaijan	83	49	91	**74**
Paraguay	75	104	63	**75**
Kenya	110	9	105	**76**
Vietnam	89	12	119	**77**
Malaysia	93	85	69	**78**
Mauritius	63	138	50	**79**
Albania	59	124	78	**80**

Country	Public services ranking	Tax ranking	Labour ranking	CRI ranking
Trinidad and Tobago	60	135	66	**81**
Togo	133	2	112	**82**
Tajikistan	69	101	93	**83**
Serbia	74	151	35	**84**
Bahamas, The	66	123	74	**85**
Fiji	99	65	83	**86**
Turkey	82	110	70	**87**
Peru	77	62	107	**88**
Samoa	104	96	68	**89**
Antigua and Barbuda	88	143	44	**90**
Cabo Verde	76	141	57	**91**
Moldova	67	152	46	**92**
Indonesia	111	34	111	**93**
Sri Lanka	106	91	86	**94**
Yemen, Rep.	131	13	110	**95**
Eswatini	73	116	97	**96**
Malawi	134	54	85	**97**
Myanmar	140	63	77	**98**
St. Vincent and the Grenadines	57	154	56	**99**
St. Lucia	97	108	84	**100**
Djibouti	123	5	127	**101**
Afghanistan	153	6	113	**102**
North Macedonia	65	157	38	**103**
Solomon Islands	90	23	142	**104**
Mauritania	92	90	108	**105**
Sao Tome and Principe	101	112	90	**106**
Singapore	87	145	67	**107**
Panama	78	144	81	**108**
Philippines	100	106	96	**109**
Dominican Republic	96	139	72	**110**
Cambodia	128	33	114	**111**
Nepal	120	16	130	**112**
Bangladesh	142	32	109	**113**
Egypt, Arab Rep.	117	87	98	**114**
Lebanon	105	117	95	**115**
Mozambique	126	48	118	**116**
Guatemala	109	131	88	**117**
Occupied Palestinian Territory	98	149	58	**118**
Angola	137	25	125	**119**
Jamaica	85	146	92	**120**
Morocco	103	137	101	**121**

Country	Public services ranking	Tax ranking	Labour ranking	CRI ranking
Ghana	114	68	128	**122**
Zambia	118	44	139	**123**
Timor-Leste	112	126	106	**124**
Mali	150	27	133	**125**
Benin	119	42	147	**126**
Senegal	125	88	120	**127**
Pakistan	148	71	116	**128**
India	141	19	151	**129**
Tanzania	138	39	144	**130**
Papua New Guinea	121	69	140	**131**
Gambia, The	132	100	121	**132**
Rwanda	136	74	136	**133**
Burkina Faso	122	94	134	**134**
Congo, Dem. Rep.	135	107	122	**135**
Ethiopia	116	55	155	**136**
Congo, Rep.	130	118	123	**137**
Zimbabwe	113	133	135	**138**
Cameroon	143	79	152	**139**
Guinea	149	73	150	**140**
Cote d'Ivoire	139	120	137	**141**
Niger	154	89	146	**142**
Uganda	144	86	153	**143**
Lao PDR	152	98	143	**144**
Sierra Leone	146	99	148	**145**
Bhutan	124	130	141	**146**
Burundi	127	95	156	**147**
Madagascar	147	134	129	**148**
Haiti	145	105	149	**149**
Guinea-Bissau	151	132	126	**150**
Central African Republic	155	64	157	**151**
Oman	108	148	138	**152**
Vanuatu	115	156	115	**153**
Liberia	129	150	132	**154**
Chad	157	113	145	**155**
Bahrain	102	158	131	**156**
Nigeria	156	127	158	**157**
South Sudan	158	155	154	**158**

REGIONAL RANKINGS

Asia

Table A2: East Asia and the Pacific

Country/region	Public services score	Public services ranking	Tax score	Tax ranking	Labour score	Labour ranking	Overall score	Regional CRI ranking
New Zealand	0.77	**21**	0.81	**11**	0.81	**34**	0.93	**1**
Japan	0.83	**9**	0.64	**52**	0.84	**32**	0.89	**2**
Australia	0.73	**30**	0.82	**7**	0.75	**43**	0.89	**3**
Korea, Rep.	0.54	**54**	0.68	**43**	0.65	**54**	0.70	**4**
Mongolia	0.51	**62**	0.65	**51**	0.55	**82**	0.63	**5**
China	0.51	**61**	0.89	**3**	0.30	**124**	0.63	**6**
Hong Kong SAR, China	0.54	**53**	0.40	**128**	0.73	**45**	0.62	**7**
Thailand	0.48	**70**	0.69	**40**	0.45	**103**	0.60	**8**
Maldives	0.38	**86**	0.56	**84**	0.65	**59**	0.58	**9**
Vietnam	0.37	**89**	0.80	**12**	0.36	**119**	0.56	**10**
Malaysia	0.36	**93**	0.56	**85**	0.60	**69**	0.56	**11**
Fiji	0.33	**99**	0.60	**65**	0.55	**83**	0.54	**12**
Samoa	0.32	**104**	0.52	**96**	0.60	**68**	0.52	**13**
Indonesia	0.28	**111**	0.71	**34**	0.40	**111**	0.50	**14**
Sri Lanka	0.31	**106**	0.54	**91**	0.54	**86**	0.50	**15**
Myanmar	0.16	**140**	0.61	**63**	0.59	**77**	0.48	**16**
Afghanistan	0.11	**153**	0.83	**6**	0.38	**113**	0.47	**17**
Solomon Islands	0.37	**90**	0.74	**23**	0.20	**142**	0.46	**18**
Singapore	0.38	**87**	0.30	**145**	0.62	**67**	0.46	**19**
Philippines	0.33	**100**	0.48	**106**	0.49	**96**	0.46	**20**
Cambodia	0.20	**128**	0.71	**33**	0.38	**114**	0.46	**21**
Nepal	0.24	**120**	0.78	**16**	0.27	**130**	0.45	**22**
Bangladesh	0.16	**142**	0.71	**32**	0.40	**109**	0.45	**23**
Timor-Leste	0.28	**112**	0.42	**126**	0.42	**106**	0.38	**24**
Pakistan	0.12	**148**	0.59	**71**	0.37	**116**	0.37	**25**
India	0.16	**141**	0.75	**19**	0.14	**151**	0.35	**26**
Papua New Guinea	0.23	**121**	0.60	**69**	0.21	**140**	0.35	**27**
Lao PDR	0.11	**152**	0.52	**98**	0.19	**143**	0.25	**28**
Bhutan	0.21	**124**	0.38	**130**	0.20	**141**	0.25	**29**
Vanuatu	0.25	**115**	0.11	**156**	0.38	**115**	0.22	**30**

Table A3: South Asia

Country	Public services score	Public services ranking	Tax score	Tax ranking	Labour score	Labour ranking	Overall score	Sub-regional CRI ranking
Maldives	0.38	**86**	0.56	**84**	0.65	**59**	0.58	**1**
Sri Lanka	0.31	**106**	0.54	**91**	0.54	**86**	0.50	**2**
Afghanistan	0.11	**153**	0.83	**6**	0.38	**113**	0.47	**3**
Nepal	0.24	**120**	0.78	**16**	0.27	**130**	0.45	**4**
Bangladesh	0.16	**142**	0.71	**32**	0.40	**109**	0.45	**5**
Pakistan	0.12	**148**	0.59	**71**	0.37	**116**	0.37	**6**
India	0.16	**141**	0.75	**19**	0.14	**151**	0.35	**7**
Bhutan	0.21	**124**	0.38	**130**	0.20	**141**	0.25	**8**

Sub-Saharan Africa

Table A4: Sub-Saharan Africa

Country	Public services score	Public services ranking	Tax score	Tax ranking	Labour score	Labour ranking	Overall score	Regional CRI ranking
South Africa	0.61	**44**	1.00	**1**	0.65	**53**	0.87	**1**
Seychelles	0.60	**45**	0.78	**15**	0.86	**29**	0.86	**2**
Namibia	0.68	**34**	0.63	**59**	0.44	**104**	0.65	**3**
Lesotho	0.38	**84**	0.74	**20**	0.59	**76**	0.64	**4**
Botswana	0.56	**48**	0.64	**56**	0.47	**100**	0.62	**5**
Kenya	0.29	**110**	0.82	**9**	0.43	**105**	0.56	**6**
Mauritius	0.51	**63**	0.35	**138**	0.66	**50**	0.56	**7**
Togo	0.19	**133**	0.92	**2**	0.39	**112**	0.54	**8**
Cabo Verde	0.44	**76**	0.34	**141**	0.65	**57**	0.51	**9**
Eswatini	0.46	**73**	0.44	**116**	0.48	**97**	0.49	**10**
Malawi	0.19	**134**	0.64	**54**	0.54	**85**	0.49	**11**
Mauritania	0.36	**92**	0.54	**90**	0.40	**108**	0.46	**12**
São Tomé and Principe	0.33	**101**	0.46	**112**	0.52	**90**	0.46	**13**
Mozambique	0.21	**126**	0.66	**48**	0.36	**118**	0.43	**14**
Angola	0.17	**137**	0.74	**25**	0.29	**125**	0.42	**15**
Ghana	0.25	**114**	0.60	**68**	0.28	**128**	0.39	**16**
Zambia	0.24	**118**	0.67	**44**	0.22	**139**	0.39	**17**
Mali	0.12	**150**	0.72	**27**	0.26	**133**	0.38	**18**
Benin	0.24	**119**	0.68	**42**	0.18	**147**	0.37	**19**
Senegal	0.21	**125**	0.54	**88**	0.35	**120**	0.37	**20**
Tanzania	0.17	**138**	0.69	**39**	0.18	**144**	0.35	**21**
Gambia, The	0.19	**132**	0.51	**100**	0.33	**121**	0.34	**22**
Rwanda	0.18	**136**	0.59	**74**	0.25	**136**	0.34	**23**

Country	Public services score	Public services ranking	Tax score	Tax ranking	Labour score	Labour ranking	Overall score	Regional CRI ranking
Burkina Faso	0.22	**122**	0.52	**94**	0.26	**134**	0.33	**24**
Congo, Dem. Rep.	0.18	**135**	0.47	**107**	0.32	**122**	0.32	**25**
Ethiopia	0.25	**116**	0.64	**55**	0.07	**155**	0.31	**26**
Congo, Rep.	0.19	**130**	0.43	**118**	0.31	**123**	0.30	**27**
Zimbabwe	0.26	**113**	0.37	**133**	0.26	**135**	0.28	**28**
Cameroon	0.15	**143**	0.58	**79**	0.13	**152**	0.27	**29**
Guinea	0.12	**149**	0.59	**73**	0.15	**150**	0.27	**30**
Cote d'Ivoire	0.17	**139**	0.43	**120**	0.24	**137**	0.26	**31**
Niger	0.11	**154**	0.54	**89**	0.18	**146**	0.26	**32**
Uganda	0.15	**144**	0.56	**86**	0.12	**153**	0.26	**33**
Sierra Leone	0.14	**146**	0.51	**99**	0.17	**148**	0.25	**34**
Burundi	0.20	**127**	0.52	**95**	0.07	**156**	0.24	**35**
Madagascar	0.13	**147**	0.37	**134**	0.28	**129**	0.24	**36**
Guinea-Bissau	0.11	**151**	0.37	**132**	0.29	**126**	0.23	**37**
Central African Republic	0.11	**155**	0.61	**64**	0.04	**157**	0.23	**38**
Liberia	0.20	**129**	0.23	**150**	0.27	**132**	0.20	**39**
Chad	0.05	**157**	0.46	**113**	0.18	**145**	0.20	**40**
Nigeria	0.07	**156**	0.41	**127**	0.00	**158**	0.11	**41**
South Sudan	0.00	**158**	0.14	**155**	0.09	**154**	0.00	**42**

Middle East and North Africa

Table A5: Middle East and North Africa

Country	Public services score	Public services ranking	Tax score	TAX ranking	Labour score	Labour ranking	Overall score	Regional CRI ranking
Tunisia	0.36	**94**	0.81	**10**	0.64	**60**	0.68	**1**
Jordan	0.41	**80**	0.59	**70**	0.62	**64**	0.60	**2**
Algeria	0.37	**91**	0.76	**18**	0.47	**99**	0.59	**3**
Yemen, Rep.	0.19	**131**	0.79	**13**	0.40	**110**	0.50	**4**
Djibouti	0.22	**123**	0.85	**5**	0.28	**127**	0.48	**5**
Egypt, Arab Rep.	0.24	**117**	0.55	**87**	0.48	**98**	0.45	**6**
Lebanon	0.31	**105**	0.44	**117**	0.49	**95**	0.43	**7**
Occupied Palestinian Territory	0.33	**98**	0.23	**149**	0.65	**58**	0.42	**8**

Morocco	0.33	**103**	0.36	**137**	0.47	**101**	0.40	**9**
Oman	0.30	**108**	0.24	**148**	0.22	**138**	0.23	**10**
Bahrain	0.33	**102**	0.00	**158**	0.27	**131**	0.16	**11**

Latin America and the Caribbean

Table A6: Latin America and the Caribbean

Country	Public services score	Public services ranking	Tax score	Tax ranking	Labour score	Labour ranking	Overall score	Regional CRI ranking
Chile	0.66	**37**	0.71	**36**	0.68	**47**	0.78	**1**
Argentina	0.71	**31**	0.64	**53**	0.68	**48**	0.77	**2**
Costa Rica	0.62	**41**	0.67	**46**	0.66	**51**	0.74	**3**
Guyana	0.47	**71**	0.70	**38**	0.77	**42**	0.73	**4**
Bolivia	0.61	**43**	0.63	**57**	0.57	**79**	0.68	**5**
El Salvador	0.36	**95**	0.74	**26**	0.66	**52**	0.65	**6**
Belize	0.42	**79**	0.72	**30**	0.59	**73**	0.64	**7**
Ecuador	0.41	**81**	0.74	**24**	0.54	**87**	0.62	**8**
Honduras	0.30	**107**	0.74	**22**	0.62	**65**	0.62	**9**
Colombia	0.53	**55**	0.63	**60**	0.50	**94**	0.61	**10**
Uruguay	0.53	**56**	0.46	**109**	0.67	**49**	0.61	**11**
Barbados	0.51	**58**	0.53	**92**	0.59	**75**	0.60	**12**
Brazil	0.50	**64**	0.50	**102**	0.60	**71**	0.59	**13**
Mexico	0.48	**68**	0.56	**83**	0.53	**89**	0.58	**14**
Paraguay	0.44	**75**	0.49	**104**	0.62	**63**	0.57	**15**
Trinidad and Tobago	0.51	**60**	0.37	**135**	0.62	**66**	0.55	**16**
Bahamas, The	0.48	**66**	0.42	**123**	0.59	**74**	0.54	**17**
Peru	0.42	**77**	0.62	**62**	0.42	**107**	0.53	**18**
Antigua and Barbuda	0.38	**88**	0.33	**143**	0.74	**44**	0.52	**19**
St. Vincent and the Grenadines	0.52	**57**	0.18	**154**	0.65	**56**	0.48	**20**
St. Lucia	0.34	**97**	0.47	**108**	0.55	**84**	0.48	**21**
Panama	0.42	**78**	0.32	**144**	0.56	**81**	0.46	**22**
Dominican Republic	0.35	**96**	0.34	**139**	0.59	**72**	0.46	**23**
Guatemala	0.30	**109**	0.38	**131**	0.54	**88**	0.42	**24**
Jamaica	0.38	**85**	0.27	**146**	0.52	**92**	0.40	**25**
Haiti	0.14	**145**	0.48	**105**	0.15	**149**	0.23	**26**

High-Income OECD countries

Table A7: High Income OECD countries

Country	Public services score	Public services ranking	Tax score	Tax ranking	Labour score	Labour ranking	Overall score	Regional CRI ranking
Norway	0.82	**14**	0.74	**21**	1.00	**1**	1.00	**1**
Denmark	0.83	**8**	0.72	**28**	0.99	**2**	0.99	**2**
Germany	0.83	**5**	0.78	**17**	0.92	**11**	0.99	**3**
Belgium	0.83	**7**	0.70	**37**	0.94	**8**	0.96	**4**
Finland	0.87	**2**	0.63	**61**	0.97	**4**	0.96	**5**
Canada	0.75	**26**	0.82	**8**	0.88	**20**	0.96	**6**
France	0.86	**3**	0.66	**47**	0.91	**16**	0.95	**7**
New Zea-land	0.77	**21**	0.81	**11**	0.81	**34**	0.93	**8**
Austria	0.83	**10**	0.65	**50**	0.90	**18**	0.92	**9**
Sweden	0.83	**11**	0.58	**78**	0.95	**7**	0.91	**10**
Ireland	0.84	**4**	0.59	**72**	0.90	**17**	0.90	**11**
Slovenia	0.83	**6**	0.52	**97**	0.97	**5**	0.90	**12**
Poland	1.00	**1**	0.45	**115**	0.87	**23**	0.90	**13**
Iceland	0.76	**25**	0.60	**67**	0.96	**6**	0.90	**14**
Japan	0.83	**9**	0.64	**52**	0.84	**32**	0.89	**15**
Australia	0.73	**30**	0.82	**7**	0.75	**43**	0.89	**16**
Israel	0.70	**33**	0.68	**41**	0.92	**13**	0.89	**17**
Luxembourg	0.76	**23**	0.56	**82**	0.93	**10**	0.87	**18**
United King-dom	0.82	**13**	0.58	**80**	0.83	**33**	0.86	**19**
Netherlands	0.81	**15**	0.53	**93**	0.88	**21**	0.85	**20**
Czech Re-public	0.82	**12**	0.45	**114**	0.93	**9**	0.85	**21**
Italy	0.77	**18**	0.57	**81**	0.84	**31**	0.84	**22**
United States	0.80	**16**	0.58	**76**	0.79	**37**	0.84	**23**
Portugal	0.74	**28**	0.58	**77**	0.85	**30**	0.83	**24**
Spain	0.77	**22**	0.60	**66**	0.80	**36**	0.83	**25**
Estonia	0.74	**27**	0.49	**103**	0.87	**22**	0.80	**26**
Slovak Re-public	0.77	**20**	0.34	**140**	0.99	**3**	0.80	**27**
Chile	0.66	**37**	0.71	**36**	0.68	**47**	0.78	**28**
Hungary	0.70	**32**	0.39	**129**	0.91	**15**	0.76	**29**
Switzerland	0.66	**36**	0.43	**119**	0.88	**19**	0.75	**30**
Latvia	0.66	**38**	0.36	**136**	0.86	**27**	0.71	**31**
Greece	0.68	**35**	0.43	**121**	0.77	**40**	0.71	**32**
Korea, Rep.	0.54	**54**	0.68	**43**	0.65	**54**	0.70	**33**
Mexico	0.48	**68**	0.56	**83**	0.53	**89**	0.58	**34**
Turkey	0.40	**82**	0.46	**110**	0.60	**70**	0.53	**35**

NOTES

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Indonesia: IMF. (2020). Policy Responses to COVID-19. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#I

Spain: See note 60. Catalan News. (2020). Spain approves targeted basic income for households at risk of poverty. https://www.catalannews.com/politics/item/spain-approves-targeted-basic-income-for-households-at-risk-of-poverty

Bangladesh: U. Gentilini, M. Almenfi, I. Orton and P. Dale. (2020). Social Protection and Jobs Responses to COVID-19. Op.cit. See also IMF. (2020). Policy Responses to COVID-19. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#B

Nigeria: Nigeria has expanded cash transfers, scaling up by 1,054% to 10,215,803 people from 885,089 in 2015. The proportion of the total population covered by the cash transfer programme is 4.76%. U. Gentilini, M. Almenfi, I. Orton and P. Dale. (2020). Social Protection and Jobs Responses to COVID-19. Op. cit.

63 Politics.co.uk. (n.d.). Income Tax. https://www.politics.co.uk/reference/income-tax

64 See for example https://blogs.imf.org/2020/05/11/how-pandemics-leave-the-poor-even-farther-behind/ ;

https://blogs.imf.org/2020/04/30/a-new-deal-for-informal-workers-in-asia/; https://blogs.imf.org/2020/07/21/the-covid-19-gender-gap/; and Fiscal Affairs Department, Tax Issues: An Overview, Special Series Note April 6, 2020, at https://www.imf.org/en/Publications/SPROLLs/covid19-special-notes

65 Examination of all the emergency loans provided by the IMF as at 31 August 2020 failed to identify a single mention of the potential impact of the pandemic or response measures on inequality. For example, the Kenya RFI loan document (at https://www.imf.org/en/Publications/CR/Issues/2020/05/11/Republic-of-Kenya-Request-for-Disbursement-under-the-Rapid-Credit-Facility-Press-Release-49405) suggested reversing the cut in the top personal income tax rate after the crisis, but for revenue-raising not anti-inequality reasons; the Ecuador document (at https://www.imf.org/en/Publications/CR/Issues/2020/05/28/Ecuador-Request-for-Purchase-under-the-Rapid-Financing-Instrument-and-Cancellation-of-49460) mentioned the solidarity tax but as a revenue-raising not an anti-inequality measure; and the South Africa loan document (at https://www.imf.org/en/Publications/CR/Issues/2020/07/28/South-Africa-Request-for-Purchase-Under-the-Rapid-Financing-Instrument-Press-Release-Staff-49612) mentioned that the government had enhanced social protection measures especially for the young unemployed but did not link this to racial or income inequality.

66 Bretton Woods Project. (2020). The IMF and World Bank-led Covid-19 recovery: 'Building back better' or locking in broken policies? https://www.brettonwoodsproject.org/2020/07/the-imf-and-world-bank-led-covid-19-recovery-building-back-better-or-locking-in-broken-policies/

67 ActionAid International. (2020). Covid-19 crisis: IMF told countries facing critical health worker shortages to cut public sector wages. https://actionaid.org/news/2020/covid-19-crisis-imf-told-countries-facing-critical-health-worker-shortages-cut-public

68 World Bank. (2020). 2020 International Debt Statistics. https://datatopics.worldbank.org/debt/ids/ Oxfam calculates that IDA-eligible countries are set to repay the Bank around $3,513m dollars.

69 Publication of Oxfam's research is forthcoming. In the research, Oxfam analysed the 72 projects that were part of the COVID-19 Strategic Preparedness and Response Program (SPRP). As of 30 June 2020, there were 74 countries on the World Bank's list of 'countries benefiting from the dedicated COVID-19 Fast-Track Facility'. However, two of them (Somalia and Iran) are not under the auspices of the SPRP, and therefore were not included in our analysis.

70 For example, Norway is keeping its aid at previously announced levels in spite of its GDP fall. For more details of donor responses, see https://donortracker.org/

71 For these data see IMF blog on latest fiscal measures and low-income countries at https://blogs.imf.org/2020/08/27/covid-19-without-help-low-income-developing-countries-risk-a-lost-decade/

72 See Matthew Martin. (2020 forthcoming). Solidarity Taxes to Fund the post-COVID Recovery. Forthcoming policy paper for University of New York Centre for International Cooperation Grand Challenge on Inequality and Exclusion, October 2020.

73 For more details on such global proposals, see https://www.icrict.com/icrict-documentsthe-global-pandemic-sustainable-economic-recovery-and-international-taxation

74 See also the CEPR/Oxfam briefing at https://www.cepr.net/report/the-world-economy-needs-a-stimulus-imf-special-drawing-rights-are-critical-to-containing-the-pandemic-and-boosting-the-world-economy/.

75 For more details of the scale of the external debt burden and these proposals, see (2020). Passing the Buck on Debt Relief: How the failure of the private sector to cancel debts is fueling a crisis across the developing world. Christian Aid, Oxfam, Global Justice Now, Jubilee Debt Campaign. https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621026/mb-passing-buck-debt-relief-private-sector-160720-en.pdf. It is important to note that these figures do not include service on domestic debt, which is high and growing rapidly in many countries.

76 This indicator uses evidence from a wide range of studies; see previous CRI Index reports. J. Martinez-Vazquez, V. Vulovic and B. Moreno Dodson (2014). The Impact of Tax and Expenditure Policies on Income Distribution: Evidence from a Large Panel of Countries. Georgia State University, Economics Department Publications. https://scholarworks.gsu.edu/cgi/viewcontent.cgi?article=1036&context=econ_facpub; N. Lustig (2015). The Redistributive Impact of Government Spending on Education and Health: Evidence from Thirteen Developing Countries in the Commitment To Equity Project. CEQ Working Paper Series, Tulane University. http://www.commitmentoequity.org/publications_files/Comparative/CEQWPNo30 RedisImpactGovntSpendEducHealth March 2015.pdf; and OECD (2015). In It Together: Why Less Inequality Benefits All. https://www.oecd.org/els/soc/OECD2015-In-It-Together-Chapter1-Overview-Inequality.pdf. Also see, for example, F. Jaumotte and C. Osario Bultron (2015). Power From The People. IMF. Finance & Development. 52:1. http://www.imf.org/external/pubs/ft/fandd/2015/03/jaumotte.htm

77 When a government provides free public services, the poorest people do not have to use their earnings to pay for them; when cash is transferred through progressive social protection programmes this also redistributes resources. Together, such measures can boost incomes for lower-income households by as much as (or more than) their regular earnings.

78 Where incidence studies are available, they have been used (from CEQ and the OECD), but where such studies were not available, the CRI Index instead used an extensive global study which looked at 150 countries over 30 years to establish average incidence levels for education, health and social protection. J. Martinez-Vazquez, V. Vulovic and B. Moreno Dodson (2014). The Impact of Tax and Expenditure Policies on Income Distribution. Op. cit.

79 This is the overall fiscal system transfer (i.e. combined with taxes). A Commitment to Equity (CEQ) Analysis (2019). Fiscal Incidence in Ukraine: A Commitment to Equity Analysis. http://documents1.worldbank.org/curated/en/690771553167885255/pdf/135467-BRI-POV-Practice-Note-14.pdf

80 Measured by both Gini (https://data.worldbank.org/indicator/SI.POV.GINI?most_recent_value_desc=false) and Palma ratios (http://hdr.undp.org/en/composite/IHDI).

81 Ukraine is now spending 8.27% of its budget on health, compared with 9.62% in the CRI Index 2018. In theory, health services are free at the point of delivery and this is a constitutional right. In practice, however, this publicly financed

healthcare coverage is extremely limited and about 55% of healthcare is financed out-of-pocket (OOP). OOP payments as a proportion of total health expenditure grew from 38% in 2010 to 48% in 2015 while public expenditure on health declined. Among the poorest quintile of the population, OOP expenditure increased by 40% from 2010 to 2015 while for the richest quintile it increased by just 15%. In 2015, the poorest quintile paid more OOP (5.1%) than the richest quintile (4.5%).

A. Goroshko, N. Shapoval. and T. Lai. (2018). Can people afford to pay for health care? WHO. https://www.euro.who.int/__data/assets/pdf_file/0008/381590/ukraine-fp-eng.pdf?ua=1. In 2014, Ukraine introduced VAT on medicine and medicinal products at a rate of 7%. See Orange Health Consultants/Netherlands Enterprise Agency. (2018). Health Care in Ukraine.

In terms of COVID-19 health coverage in Ukraine, all testing and treatment in public facilities is free and without co-payments. The government has made additional payments to health and other workers directly involved in fighting COVID-19 of up to 300% of their wages, and to social workers providing services to people at home of up to 100% of their wages. https://www.covid19healthsystem.org/countries/ukraine/countrypage.aspx

82 Defence and debt spending are taken from DFI's Government Spending Watch programme. Government Spending Watch. (2019). https://www.governmentspendingwatch.org/spending-data/data?countries[0]=South%20Sudan&sector[0]=agriculture&sector[1]=health&sector[2]=education&sector[3]=environment&sector[4]=gender&sector[5]=social_protection&sector[6]=wash&sector[7]=debt&sector[8]=defence&exptype=plac&strail=total&units=NCcurrent&year=2019&uid=0&view=data#download. Debt servicing is from 2019 and is sourced from IMF Country Report 14/345, 17/73 & 19/153. International Monetary Fund. (2019). Republic Of South Sudan 2019 Article Iv Consultation—Press Release; Staff Report; And Statement By The Executive Director For The Republic Of South Sudan. https://www.imf.org/en/Publications/CR/Issues/2019/06/04/South-Sudan-2019-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-46965

83 In South Sudan the top 1% of the population own more than the bottom 50%. See World Inequality Database. South Sudan. https://wid.world/country/south-sudan/

84 Global Education Monitoring (GEM) Report. (2018). Free education for all in Sierra Leone? Can it happen? World Education Blog. https://gemreportunesco.wordpress.com/2018/09/17/free-education-for-all-in-sierra-leone-can-it-happen/#:~:text=In%20late%20August%2C%20Sierra%20Leone's,secondary%20education%20on%2017%20September

85 K. Ighobor. (2019). President Maada Bio speaks on child and maternal mortality in Sierra Leone. Africa Renewal. https://www.un.org/africarenewal/magazine/december-2019-march-2020/president-julius-maada-bio-speaks-child-and-maternal-mortality

86 These new commitments are clearly showing up in increases in both health and education spending, but the coverage figures are still so low (given these are from before the spending commitments) that this is not reflected in the country's score.

87 Low-income country (LIC), Lower middle-income country (LMIC), Upper middle-income country (UMIC) and High-income country (HIC)

88 Global Education Monitoring (GEM) Report and UNESCO. (2019). Ethiopia is making the fastest progress in primary completion in sub-Saharan Africa. How? World Education Blog. https://gemreportunesco.wordpress.com/2019/07/12/ethiopia-is-making-the-fastest-progress-in-primary-completion-in-sub-saharan-africa-how/.

89 See UNICEF in Nigeria. (n.d.). Education. https://www.unicef.org/nigeria/education

90 This has led to an increase to 18% from a 10% budget share in the CRI Index 2018, moving DRC up 100 places in the education spending ranking. The proportion has grown from just 6% in 2011. See R. Winthrop, I. Greubel and X. Ackerman. (2013). The New Push for Education Reform in the Democratic Republic of the Congo. Brookings. https://www.brookings.edu/blog/up-front/2013/03/01/the-new-push-for-education-reform-in-the-democratic-republic-of-the-congo/#:~:text=Over%20the%20last%20two%20years,a%20large%20increase%20is%20uncommon

91 Global Partnership for Education. (2020). Democratic Republic of Congo. https://www.globalpartnership.org/where-we-work/democratic-republic-of-congo

92 Girls aged 5–17 years. See UNICEF. (n.d.) Democratic Republic of Congo. https://www.unicef.org/drcongo/en/what-we-do/education#:~:text=Education%20offers%20children%20a%20ladder,17%20are%20out%20of%20school.&text=In%20th%20country%2C%2052.7%25%20of,17%20do%20not%20attend%20school

93 M. Kavanagh. (2019). Congo Proposes 63% Increase in Budget to $10.2 Billion. Bloomberg. https://www.bloomberg.com/news/articles/2019-11-11/congo-proposes-63-increase-in-budget-to-10-2-billion

94 World Bank. (2020). "When I grow up, I'll be a teacher" – The new ambitions of Congolese schoolchildren now that education is free. https://www.worldbank.org/en/news/feature/2020/06/16/the-new-ambitions-of-congolese-schoolchildren-now-that-school-is-free

95 Niger and Haiti are down by 56 and 63 places, respectively, on education expenditure.

96 Haiti had gone from very low spending levels of 11% in 2011 UNESCO Institute of Statistics (UiS) data). In Niger the story is similar: it had been close to spending 20% to meet the goal of improving girl's education, but this too has been cut due to high debt servicing obligations. See IMF. (2018). Niger: Letter of Intent, Memorandum of Economic Financial Polices, and Technical Memorandum of Understanding. https://www.imf.org/external/np/loi/2018/ner/112118.pdf

97 Data on Haiti extracted from the WIDE database: http://www.education-inequalities.org/countries/haiti#?dimension=wealth_quintile&group=all&year=latest

98 The CRI Index measures catastrophic OOP as defined in SDG 3.8.2 . World Health Organization. Monitoring Sustainable

Development Goals – Indicator 3.8.2. https://www.who.int/health_financing/topics/financial-protection/monitoring-sdg/en/

99 Center for Economic and Social Rights. (2019). Egypt Social Progress Indicators Reveal How Austerity Feeds Gross Inequalities. https://www.cesr.org/egypt-social-progress-indicators-reveal-how-austerity-feeds-gross-inequalities

100 The Wire. (2018). Who Is Paying for India's Healthcare? https://thewire.in/health/who-is-paying-for-indias-healthcare

101 Kenya Institute for Public Policy Research and Analysis (KIPPRA). Health Budget Brief. Policy Brief No. 65/2018–2019. https://www.unicef.org/esaro/UNICEF-Kenya-2018-Health-Budget-Brief.pdf

102 Oxfam. (2017). Even It Up: How to tackle inequality in Vietnam. https://www-cdn.oxfam.org/s3fs-public/file_attachments/bp-vietnam-inequality-120117-en.pdf

103 VOA News. (2020). For Vietnam’s Poor, Access To Relief Aid Key To Joining Re-Opening Economy. https://www.voanews.com/covid-19-pandemic/vietnams-poor-access-relief-aid-key-joining-re-opening-economy

104 N. Lustig (2012). Taxes, Transfers, and Income Redistribution in Latin America. http://documents1.worldbank.org/curated/en/558911468159605091/pdf/714000BRI010Bo0InFocusJuly2012FINAL.pdf

105 DW. (2018). Argentina: protestors clash with police over spending cuts. https://www.dw.com/en/argentina-protesters-clash-with-police-over-spending-cuts/a-46032522

106 Currently data is collected for SDG 5.c.1 through the Global Partnership for Effective Development Cooperation (GPEDC) monitoring framework. See UN Statistics Wiki. https://unstats.un.org/wiki/display/SDGeHandbook/Indicator+5.c.1. Analysis of latest data gathering carried out by author is available at https://unstats.un.org/sdgs/indicators/database

107 Bhutan, Solomon Islands, Mali, Papua New Guinea, Nepal, Guatemala, Philippines, Bangladesh, Jordan, Vietnam, Egypt, Rwanda, Burkina Faso.

108 For more details, see https://unstats.un.org/sdgs/indicators/database/

109 See the CRI Index 2020 methodology note at www.inequalityindex.org for more on the limitations encountered in gathering quality coverage data

110 Completion rate was approved by the Inter-Agency and Expert Group on SDG Indicators as a new global indicator for target 4.1 in November 2019. A note of caution is required when interpreting upper secondary completion rates: it must be taken into account for country contexts that allow some youth to graduate from upper secondary programmes at different times. For the vast majority of countries, this is based on the indicator 4.1.4 for the upper secondary completion by poorest quintile, part of SDG4 monitoring. UNESCO Institute of Statistics (UiS data). http://data.uis.unesco.org/index.aspx?queryid=3424). See CRI Index 2020 methodology note for more information: www.inequalityindex.

111 Based on quintile data from household surveys.

112 Ethiopia stands out here: it is the second largest education spender, but completion is low. This clearly shows the country’s commitment to universalize secondary education through its spending, but this is yet to show up in its completion rates due to the time-lag between spending and completion.

113 Technical Cooperation Group on the Indicators for SDG 4. (2017). Data. http://tcg.uis.unesco.org/data-resources/

114 SDG 3.8.1 Universal Health Coverage (UHC) Index which looks at access to essential services, including reproductive, maternal, newborn and child health, infectious diseases, non-communicable diseases and service capacity and access, among the general and the most disadvantaged populations.

115 SDG 3.8.2 Catastrophic Household Spending (COOP) SDG 3.8.1 indicator as measured by those who spend 10% of their household budget on healthcare.

116 Between 1995 and 2006 the share of Costa Rican population with access to primary healthcare rose from 25% to 93%. The Economist. (2018). An affordable necessity: Special Report on Universal Health Care. https://globalhealth.washington.edu/sites/default/files/The%20Economist_UHC_WithinReach.pdf

117 P. Sauma and J.D. Trejos. (2014). Social Public Spending. Taxes, Redistribution of Income, and Poverty in Costa Rica. Commitment to Equity Working Paper No. 18. http://www.commitmentoequity.org/publications_files/Costa%20Rica/CEQWPNo18%20PubSpendTaxRedistIncandPover%20Costa%20Rica.pdf

118 See methodology note at www.inequalityindex.org for more information. Data are taken from the ILO 2017-19 Word Social Protection Report and its accompanying database https://www.social-protection.org/gimi/gess/ShowWiki.action?id=594. In a very small number of countries DFI has supplemented this with national data sources.

119 ILO (2017). World Social Protection Report 2017–19: Universal social protection to achieve the Sustainable Development Goals. https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_604882.pdf

120 Upper-middle-income countries: Botswana, Romania, Guyana, Latvia, China, Seychelles, Belarus, Hungary, Mauritius, Cyprus. Lower-middle-income countries: Bolivia, Kyrgyz Republic and Mongolia.

121 They also rely on non-contributory schemes to scale up. For an analysis of the Kyrgyz Republic, see OECD. (2018). Social Protection System Review of Kyrgyzstan. OECD Development Pathways. Paris: OECD Publishing. https://www.oecd.org/countries/kyrgyzstan/Social_Protection_System_Review_Kyrgyzstan.pdf. For Mongolia, see S. Freije and J. Yang. (2018). Mongolia: Distributional Impact of Taxes and Transfers. World Bank. http://documents1.worldbank.org/curated/en/234971541520019289/pdf/131852-POV180-PRWP8639.pdf

122 See ILO Social Protection Department. (2016). Bolivia: Universal pensions for older persons. https://www.social-

protection.org/gimi/RessourcePDF.action?ressource.ressourceId=53696

123 J.P. Mauricio Vargas and S. Garriga. (2015). Explaining Inequality and Poverty Reduction in Bolivia. IMF Working Paper. https://www.imf.org/external/pubs/ft/wp/2015/wp15265.pdf

124 Currently data shortages limit the ability of the CRI Index to cover this (see methodology note at www.inequalityindex.org), but it is important for its impact on inequality. First, as the ILO World Social Protection Report notes (see https://www.ilo.org/global/publications/books/WCMS_604882/lang--en/index.htm), some pension models (even with high coverage rates) mask inequalities, especially contributory models which favour those who work in the formal sector (often wealthier people in lower-income countries). They can also drive gender divides if built around a male breadwinner model; for instance, the International Trade Union Confederation (ITUC) has noted that in the EU women's pensions are on average 40% lower than those of men. Even in Europe, the region closest to universal social protection, only around 80% of people are covered by different benefits. For this reason, as data improve, the CRI Index aims to measure all types of coverage (to cover all life phases), and their adequacy in fighting inequality. ITUC. (n.d.). ITUC Economic and Social Policy Brief: Gender Gaps in Social Protection. https://www.ituc-csi.org/IMG/pdf/policy_brief_gender_gaps_social_protection_en.pdf

125 This indicator uses a number of studies which measure the predicted impact of spending on the Gini. Where national incidence studies are available they have been used (largely from CEQ and OECD). But where such studies were not available, the Index instead used an extensive global study which looked at 150 countries over 30 years, to establish average incidence levels for education, health and social protection. See: J. Martinez-Vazquez and B. Moreno-Dodson (2014). The Impact of Tax and Expenditure Policies on Income Distribution: Evidence from a Large Panel of Countries. Op. cit. See methodology note for more information: www.inequalityindex.org

126 This is also based on the CEQ analyses and other incidence studies. See N. Lustig, C. Mariotti and C. Sánchez-Páramo. (2020). The redistributive impact of fiscal policy indicator: A new global standard for assessing government effectiveness in tackling inequality within the SDG framework. World Bank Blogs. https://blogs.worldbank.org/opendata/redistributive-impact-fiscal-policy-indicator-new-global-standard-assessing-government

127 See J. Martinez-Vazquez, V. Vulovic and B. Moreno Dodson (2014). The Impact of Tax and Expenditure Policies on Income Distribution. Op. cit.; N. Lustig (2015). The Redistributive Impact of Government Spending on Education and Health. Op. cit.; and OECD (2015). In It Together: Why Less Inequality Benefits All. Op. cit. Also see, for example, F. Jaumotte and C. Osario Bultron (2015). Power From The People. IMF. Finance & Development. 52:1. http://www.imf.org/external/pubs/ft/fandd/2015/03/jaumotte.htm

128 K. Goraus and G. Inchauste. (2016). The Distributional Impact of Taxes and Transfers in Poland. World Bank Policy Research Working Paper 7787. http://www.commitmentoequity.org/wp-content/uploads/2018/03/Poland_WPS7787.pdf

129 Turkey saw cuts in public spending in health, education and social protection in the years 2015–18. The figures used in this report reflect the country's public spending in these areas as of 2018. Public spending in these areas has increased, according to available data on Turkey's spending in 2019, see IMF COFOG 2019. https://data.imf.org/regular.aspx?key=61037799

130 A good example here is Ethiopia, which comes low down in the rankings in spite of good government spending; its spending has been shown to be pro-poor but is not fighting inequality. See: http://www.commitmentoequity.org/wp-content/uploads/2017/09/CEQ-WP41_Hill-Inchauste-Lustig-Tsehaye-Woldehanna_Ethiopia_April2017.pdf

131 N. Lustig (2016). The Impact of Taxes and Social Spending on Inequality and Poverty in Latin America: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Peru, and Uruguay. (Spanish). Center for Global Development Working Paper 427.

132 What has changed in the CRI Index 2020 is exactly how some of the indicators are calculated. Based on inputs from global tax policy experts, we have 1) refined our PIT progressivity indicator to give more credit to countries whose PIT is progressive throughout the income scale rather than those which just have very high rates for the top earners; and 2) eliminated the 'tax effort' indicator from our assessment of tax collection, as it produced some very high scores for (especially OECD) countries which were not consistent with national analyses of the potential for collecting more tax. We have also linked the harmful tax practices indicator to corporate income tax, as its assessment applies only to this type of tax.

133 See G. Inchauste, N. Lustig, M. Maboshe, C. Purfield and I. Woolard. (2015). The Distributional Impact of Fiscal Policy in South Africa. Commitment to Equity Working Paper 29. http://www.commitmentoequity.org/wp-content/uploads/2017/09/CEQ-WP29_Inchauste-Lustig-Maboshe-Purfield-Woolard_South-Africa_REVISED-May2017.pdf

134 See J. Jellema and C. Tassot. (2018). Analyse de l'impact des politiques fiscales et de protection sociale sur les inégalités et la pauvreté au Togo. OECD/CEQ. https://www.oecd-ilibrary.org/development/analyse-de-l-impact-des-politiques-fiscales-et-de-protection-sociale-sur-les-inegalites-et-la-pauvrete-au-togo_3806d5d5-fr

135 Bahrain is brought down even further by the fact that it introduced a regressive VAT in 2019 and it was relying almost entirely on oil royalties and customs duties for tax revenues, so its productivity in collecting the three main taxes was the lowest in the Index.

136 For more details, see the methodology note at www.inequalityindex.org

137 Maldives Inland Revenue Authority. (2020). Income Tax. https://mira.gov.mv/IncomeTax.aspx

138 Mongolia initially planned to change its tax system from flat to progressive, but reversed this in 2019.

139 Though in Vanuatu a revenue review committee in 2017 suggested introducing a CIT at a rate of 17%. See Vanuatu Revenue Review. (2017). Final Report on the Case for Revenue Reform and Modernisation. https://revenuereview.gov.vu/images/Publications/RevenueReviewFINALReport_10072017.pdf. Bahrain does charge a 46% net profit tax for companies in the hydrocarbons sector.

140 Argentina's new government has increased wealth taxes and postponed cuts to CIT. P. Gillespie and J. Do Rosario. (2019). New Argentine Leader Seeks Higher Taxes to Boost Crisis Spending. Bloomberg. https://www.bloomberg.com/news/articles/2019-12-17/argentina-s-fernandez-proposes-emergency-measures-to-congress

141 J. Henley. (2019). Sweden gets new government four months after election. The Guardian. https://www.theguardian.com/world/2019/jan/18/sweden-gets-new-government-more-than-four-months-after-election

142 A.W. Akhlas. (2020). Indonesia accelerates tax reforms, cuts corporate income tax in COVID-19 playbook. The Jakarta Post. https://www.thejakartapost.com/news/2020/04/02/indonesia-accelerates-tax-reforms-cuts-corporate-income-tax-in-covid-19-playbook.html

143 Although the CIT rate in Turkey has increased from 20% to 22% (as of 2017), it is still historically lower compared with CIT rates before 2005, when it was at 30%.

144 Afghanistan, Angola, the GCC countries (Bahrain, Kuwait, Qatar, Saudi Arabia and the UAE).and São Tomé and Príncipe.

145 Australia, Bhutan, Canada, Honduras, India, Iraq, Jamaica, Japan, Malaysia, Myanmar, New Zealand, Panama, Papua New Guinea, Singapore, Timor Leste, USA. Hong Kong SAR of China also has no VAT. Most of these countries do have sales taxes, which are equally regressive and which are assessed in the CRI Index on the same basis as VAT.

146 European Council. Taxation: EU list of non-cooperative jurisdictions. https://www.consilium.europa.eu/en/policies/eu-list-of-non-cooperative-jurisdictions/

147 International Monetary Fund. (2019). The Rise of Phantom Investments. https://www.imf.org/external/pubs/ft/fandd/2019/09/the-rise-of-phantom-fdi-in-tax-havens-damgaard.htm

148 VEPR, Oxfam in Vietnam, The PRAKARSA and TAFJA. (2020). Towards Sustainable Tax Policies in the ASEAN Region: The Case of Corporate Tax Incentives. https://oi-files-cng-prod.s3.amazonaws.com/asia.oxfam.org/s3fs-public/file_attachments/Oxfam_BCT_Ngoc_16h30-24-6-2020%20-final.pdf

149 Singapore Economic Development Board. (2020). Gains Through Growth. https://www.edb.gov.sg/en/how-we-help/incentives-and-schemes.html

150 See, for example, the latest report of the Independent Commission for the Reform of International Corporate Taxation (ICRICT). (2020). The Global Pandemic, Sustainable Economic Recovery, and International Taxation. ICRICT. https://static1.squarespace.com/static/5a0c602bf43b5594845abb81/t/5ee79779c63e0b7d057437f8/1592235907012/ICRICT+Global+pandemic+and+international+taxation.pdf

151 As of August 2020, capital gains in Belgium are in general exempted, except in some very specific cases. PwC. (2020). Belgium Corporate - Income Determination. https://taxsummaries.pwc.com/belgium/corporate/income-determination

152 H. Alencar and J. van Neck. (2020). Capital Gains Taxes and Offshore Indirect Transfers. Oxfam and Finance Uncovered. http://hdl.handle.net/10546/621031

153 Data from OECD Revenue Statistics, categories taxes on property (which covers wealth and property taxes) and taxes on individual and corporate capital gains. https://stats.oecd.org/Index.aspx?DataSetCode=REV#

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155 2017 is the latest year for which country scores are available. The next edition of the Penn State University index is expected later in 2020 and will cover 2018 and 2019.

156 See the relevant country profiles for the Labour Rights Indicators: http://labour-rights-indicators.la.psu.edu/country/countries

157 Seven are included in the CRI Index, but 12 others (Cuba, Equatorial Guinea, Eritrea, Iraq, Iran, Libya, Qatar, Saudi Arabia, Sudan, Syria, Turkmenistan and the UAE) are not included due to lack of data, showing that there is a very high correlation between a lack of transparency on policies to fight inequality and the banning of independent trade unions.

158 R. Ebbighausen. (2020). EU–Vietnam trade deal puts spotlight on workers' rights. DW. https://www.dw.com/en/eu-vietnam-trade-deal-puts-spotlight-on-workers-rights/a-52040200

159 See A. Lisboa (2020). For the Brazilian people, Bolsonaro is as dangerous as COVID-19. Equal Times. https://www.equaltimes.org/for-the-brazilian-people-bolsanaro#.XxBrPCgzaUk; and J. Krein and K. Galhera. (2019). Critical Dimensions of the Brazilian Labour Reform. Global Labour University. http://www.global-labour-university.org/fileadmin/GLU_Column/papers/No_319_Galerha.pdf

160 ITUC/CSI/IGB. (2020). ITUC Global Rights Index 2020. https://www.ituc-csi.org/ituc-global-rights-index-2020

161 The ILO Conventions used as indicators for this index are centred on respect for civil liberties, the right to establish or join unions, trade union activities, the right to collective bargaining and the right to strike.

162 For more information, see Kvenréttindafelag Islands. (n.d.). Equal Pay Standard. http://kvenrettindafelag.is/resources/equal-pay-standard/#:~:text=In%202018%2C%20legislation%20was%20passed%20mandating%20companies%20and,offer%20equal%20pay%20for%20work%20of%20equal%20value.

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Liberia, South Sudan, Saudi Arabia, Tunisia, the UAE and Zambia.

164 We have taken this definition from the OECD Social Institutions and Gender Index 2019; see https://www.genderindex.org/. It is also used by the World Bank.

165 See Amnesty International. (2018). Right To Be Free From Rape: Overview of Legislation and State of Play in Europe and International Human Rights Standards. https://www.amnesty.org/download/Documents/EUR0194522018ENGLISH.PDF

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168 One other change to scores this year is that ILO conventions and the 100 Years Declaration recommend the abolition of lower minimum wages for young people, because they increase young people's precarity and discriminate between workers, with no evidence that they increase youth employment. We have therefore discounted scores for the few countries that have lower minimum wages for young people, based on the proportion of the labour force affected. This results in discounts of 2% for Belgium, 5% for Greece, 6% for the Netherlands and 10% for the UK.

169 Solomon Times. (2018). Minimum Wage Expected to Increase in 2019. https://www.solomontimes.com/news/minimum-wage-expected-to-increase-in-2019/8856

170 Romania, Spain, Czechia, Lithuania, Bulgaria.

171 One other change to scores this year is that ILO conventions and the 100 Years Declaration recommend the abolition of lower minimum wages for young people, because they increase young peoples' precarity and discriminate between workers, with no evidence that they increase youth employment. We have therefore discounted scores for the few countries that have lower minimum wages for young people, based on the proportion of the labour force affected. This results in discounts respectively of 2% for Belgium, 5% for Greece, 6% for the Netherlands and 10% for the UK.

172 This has increased from seven countries in 2018 as we have tightened our criteria to include in this group countries which set minimum wages only for citizens and exclude migrant workers (such as Bahrain and Oman), as well as those which have minimum wages only for specific sectors (Cambodia, Jordan, Lebanon, St. Lucia, Singapore, Tonga) or for the public sector (Egypt, Ethiopia, the Maldives), and those which have no minimum wage at all (South Sudan).

173 Corporate Maldives. (2020). Finance Minister Suggests To Delay Minimum Wage Decision to 2022. https://corporatemaldives.com/finance-minister-suggests-to-delay-minimum-wage-decision-to-2022/

174 Global Living Wage Coalition. (n.d.). What is a Living Wage? https://www.globallivingwage.org/about/what-is-a-living-wage/

175 Minimum wages based on ITUC questionnaires, national ministries and WageIndicator.org database; minimum wage claims identified from regional minimum wage forums; where minimum wages vary by region or sector, the lowest was selected. For Cambodia, the minimum wage refers only to the garment sector.

176 On Bahrain, see Labour Market Regulatory Authority. (2019). Bahrain Labour Market Indicators: Q 2 2019. http://lmra.bh/portal/files/cms/shared/file/Newsletter/Newsletter(Q2_2019)-%20English.pdf. On Oman, see National Centre for Statistics and Infprmation. (2018). 2018 Statistical Year Book. https://www.ncsi.gov.om/Elibrary/LibraryContentDoc/bar_Statistical%20Year%20Book%202018_a8b32d59-cdc9-4987-ba29-1e7ce78d5cca.pdf

177 See A. al-Ali. (2016). Informal Labor in Bahrain. http://www.annd.org/cd/arabwatch2016/pdf/english/10.pdf ; and Amnesty International (2019). Oman 2019. https://www.amnesty.org/en/countries/middle-east-and-north-africa/oman/report-oman/

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Cover photo: India May 2020: Stranded migrant labourers during the coronavirus pandemic making their way home interstate on foot. A distribution of hot cooked meals and drinking water is supported by Oxfam India. Photo: Neha Rani Varma/Oxfam India

For more information on the Commitment to Reducing Inequality Index and actions you can take to fight inequality across the world, and to see the underlying data and methodology for the report, please see **www.inequalityindex.org**

For further information on the issues raised in this paper, or to send us comments on the report, please email matthew.martin@dri.org.uk and max.lawson@oxfam.org

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