

FOR A DECADE OF HOPE NOT AUSTERITY IN MENA

Methodology note

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INTRODUCTION

This methodology note accompanies the 2020 Oxfam report *For a Decade of Hope not Austerity in MENA*. It documents and describes the in-house estimations carried out for the report in the following areas:

- potential revenue for a net-wealth tax on individuals with net wealth of US\$20m and above in Egypt, Jordan, Lebanon and Morocco from 2010 to 2019;
- increase in wealth of MENA billionaires featured in Forbes.

For each of these areas, we document sources and methods of estimation.

Icons used



Most of the information Oxfam uses in the calculations are open data. We point to the sources where data can be accessed and downloaded.



Important reminders and caveats.

1 WEALTH AND INEQUALITY TRENDS

1.1 BILLIONAIRES AND EXTREME WEALTH

Data source

Forbes publishes a ranked list of billionaires' net worth, both annually and daily, on their Real Time Ranking of billionaires. For the present analysis, Oxfam used the annual list published 18 March 2020. At that time, there were 21 billionaires in the list, individuals and families, from Algeria, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar and UAE. The total wealth held by those 21 billionaires at 18 March 2020 was \$47.3bn.

Oxfam then compared this figure with *Forbes*' daily data at 16 August. In the intervening 21 weeks, the billionaires increased their wealth by \$9.8bn.

It is to be noted that global financial markets crashed in March 2020, anticipating bad economic forecasts in response to the COVID-19 crisis. Those billionaires have managed to recover substantially while many other citizens are still suffering from the consequences of the pandemic.

Oxfam compared only billionaire wealth that appears in both the 18 March and 16 August lists. During this period, one new billionaire has been incorporated into the list, from Morocco, with a net wealth of \$1.2bn.

Billionaires' wealth data is presented in billions of dollars for the day the information is captured.



Forbes annual 2020 billionaires list

<https://www.forbes.com/billionaires/>



Forbes real-time 2020 billionaires list (Oxfam used 25 July data for this analysis)

<https://www.forbes.com/real-time-billionaires/#68175be83d78>

Data source

Oxfam analysis of Wealth-X data for four countries (Jordan, Lebanon, Morocco and Egypt) has found a total population of 6,168 individuals in 2010 with a net wealth above \$5m and a combined net worth of \$195.5bn, while by end of 2019 that had grown to 7,665 individuals with a combined net worth of \$221.5bn: an increase of 13.27%.

Wealth data are presented in nominal terms. For the period 2010–19, the data refer to the value of wealth through January to last day of the calendar year in December. Oxfam has adjusted the figures to convert the value of wealth from nominal to real terms using US CPI (Consumer Price Index).

Wealth-X's proprietary Wealth and Investable Assets model produces statistically significant estimates for total private wealth, and estimates population by wealth segment for the world and for the top 76 economies, which account for 98% of world GDP. They use a two-step process. First, to estimate total private wealth, they use econometric techniques that incorporate a large number of national variables such as stock market values, GDP, tax rates, income levels, and savings from sources such as the World Bank, IMF, OECD and national statistics authorities. Secondly, they estimate wealth distribution and distribute wealth across each country's population.

For this paper, Wealth-X has provided Oxfam with wealth data concentration for Jordan, Lebanon, Morocco and Egypt, with the number of individuals with wealth over \$5m and the total wealth held by those individuals with \$5m+ in net worth. This information is only available to Oxfam for the years from 2010 to 2019. The figures represent January through December, through to the last day of the calendar year.



Wealth-X, Ultra Wealthy Population Analysis: The World Ultra Wealth Report 2019.

<https://www.wealthx.com/report/world-ultra-wealth-report-2019/#downloadform>



US Bureau of Labor Statistics, Consumer Price Index

- Series title: All items in US city average, all urban consumers, not seasonally adjusted
- Seasonality: Not seasonally adjusted
- Survey name: CPI-All Urban Consumers (Current Series)
- Measure data type: US city average
- 1982–84=100 • All items, by month

<https://www.bls.gov/cpi/tables/supplemental-files/historical-cpi-u-201909.pdf>

1.2 NET WEALTH TAX

Data sources

Using Wealth-X data for the years from 2010 to 2019, adjusted in real terms (see above), Oxfam estimated the potential revenue collection:

- How much a net wealth data of 2% could have provided if applied every year since 2010.
- A projection of solidarity coronavirus net wealth data of 5% for 2020. As data is not yet available, we are using the 2019 value of net wealth adjusted to GDP drop to estimate the potential revenue collection.
- We use IMF economic projections as per 13 July 2020.

Figure 1: IMF Regional Economic Outlook for MENA region, 2020-21

MENAP Region: Selected Economic Indicators, 2000–21

(Percent of GDP, unless otherwise indicated)

	Average 2000–16	2017	2018	2019	Projections	
					2020	2021
MENAP¹						
Real GDP (annual growth)	4.6	2.1	1.5	0.5	-5.1	3.1
<i>of which non-oil growth</i>	5.5	2.9	2.2	2.2	-4.7	2.9
Current Account Balance	7.4	-0.5	3.2	1.0	-5.4	-4.5
Overall Fiscal Balance	2.2	-5.7	-2.7	-4.0	-10.6	-8.7
Inflation (year average; percent)	7.0	7.0	9.3	7.9	8.3	8.9
MENAP oil exporters						
Real GDP (annual growth)	4.8	1.2	0.1	-0.8	-7.3	3.9
<i>of which non-oil growth</i>	6.0	2.2	1.1	1.8	-6.8	3.5
Current Account Balance	10.7	1.8	6.6	3.2	-5.4	-4.4
Overall Fiscal Balance	4.7	-5.3	-1.2	-2.9	-11.4	-9.1
Inflation (year average; percent)	6.9	3.6	8.7	7.6	7.2	8.3
MENAP oil exporters excl. conflict countries and Iran						
Real GDP (annual growth)	5.3	-0.5	1.6	1.1	-7.4	2.6
<i>of which non-oil growth</i>	6.8	1.5	2.0	2.6	-7.1	3.4
Current Account Balance	12.6	1.3	6.9	3.9	-7.0	-5.8
Overall Fiscal Balance	5.9	-5.5	-1.0	-2.4	-12.0	-9.6
Inflation (year average; percent)	3.6	0.9	2.1	-0.8	1.5	2.9
Of which: Gulf Cooperation Council (GCC)						
Real GDP (annual growth)	4.6	-0.4	2.0	0.5	-7.1	2.1
<i>of which non-oil growth</i>	6.4	1.9	2.0	2.4	-7.6	3.0
Current Account Balance	14.2	2.8	8.6	5.6	-3.9	-2.9
Overall Fiscal Balance	7.4	-5.7	-1.6	-2.1	-10.5	-8.0
Inflation (year average; percent)	2.9	0.3	2.1	-1.4	1.3	3.2
MENAP oil importers						
Real GDP (annual growth)	4.2	4.0	4.3	3.0	-1.1	1.8
Current Account Balance	-2.4	-6.7	-6.4	-5.5	-5.2	-4.6
Overall Fiscal Balance	-5.8	-6.7	-6.9	-7.3	-8.7	-7.8
Inflation (year average; percent)	7.7	14.4	10.3	8.5	10.2	9.8
MENA¹						
Real GDP (annual growth)	4.6	1.7	1.0	0.3	-5.7	3.4
<i>of which non-oil growth</i>	5.6	2.6	1.7	2.3	-5.3	3.2
Current Account Balance	8.0	-0.2	4.1	1.4	-5.8	-4.8
Overall Fiscal Balance	2.7	-5.7	-2.3	-3.6	-10.8	-8.9
Inflation (year average; percent)	7.0	7.4	10.1	8.1	8.0	9.1
Arab World						
Real GDP (annual growth)	4.8	1.2	2.4	1.9	-5.7	3.5
<i>of which non-oil growth</i>	6.0	2.1	2.5	3.0	-5.2	3.0
Current Account Balance	8.9	-0.9	3.8	1.4	-6.9	-5.9
Overall Fiscal Balance	3.1	-6.4	-2.4	-3.2	-11.1	-9.4
Inflation (year average; percent)	4.8	6.9	5.8	2.4	4.5	5.8

Sources: National authorities; and IMF staff calculations and projections.

¹2011–21 data exclude Syrian Arab Republic.

Notes: Data refer to the fiscal year for the following countries: Afghanistan (March 21/March 20) until 2011, and December 21/December 20 thereafter; Iran (March 21/March 20), and Egypt and Pakistan (July/June).

MENAP oil exporters: Algeria, Bahrain, Iran, Iraq, Kuwait, Libya, Oman, Qatar, Saudi Arabia, the United Arab Emirates, and Yemen.

GCC countries: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates.

MENAP oil importers: Afghanistan, Djibouti, Egypt, Jordan, Lebanon, Mauritania, Morocco, Pakistan, Somalia, Sudan, Syria, and Tunisia.

Arab World: Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, and Yemen.

IMF Regional Economic Outlook Update: Middle East and Central Asia (July 2020)



<https://www.imf.org/en/Publications/REO/MECA/Issues/2020/07/13/regional-economic-outlook-update-menap-cca>

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

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