

REVIVING BEIJING'S NEGLECTED MACROECONOMIC AGENDA:
TAX JUSTICE FOR WOMEN'S RIGHTS



TAX JUSTICE
NETWORK
AFRICA



Friday, March 13

Summary

1. What are IFFs?
2. Inadequate funding of public services
3. Discriminatory tax laws and regressive taxes
4. Curbing IFFs and International tax rules
5. Recommendations & conclusion



Illicit financial flows

IFFs are defined as “money illegally earned, transferred or used”

generated by methods, practices and crimes aiming to transfer financial capital out of a country in contravention of national or international laws.

They are in three categories

Commercial
Criminal or
Corruption

USD 50-100 BILLION/YEAR



01

Inadequate funding of public services due to IFFs



02

Despite the above commitments....

Security, justice, basic social services such as health, education, sanitation, housing, potable water etc are still under-funded and regressive taxation systems in developing countries are normalised.

1

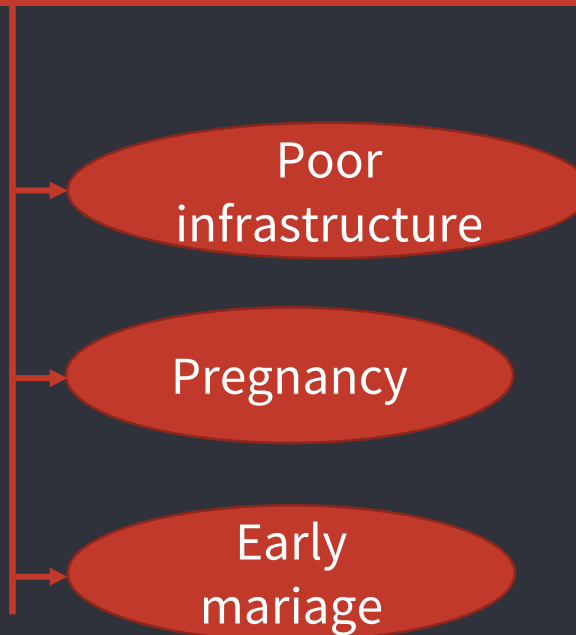
Indirect tax > Direct tax

From the Fair Tax Monitor

- Uganda
- Nigeria
- Senegal
- Malawi
- Zambia
- Cameroon
- Tunia

2

Girls out of school > Boys out of school



Two-thirds of African women are classified as functionally illiterate (2015)



Women's health

3 Out of pocket payment for health

Limited access to health care due to lower capacity to pay

causes of death in SSA are communicable diseases

+
unmet need for family planning

+
unsafe abortions

+
maternal mortality



Poor public services and unpaid care work

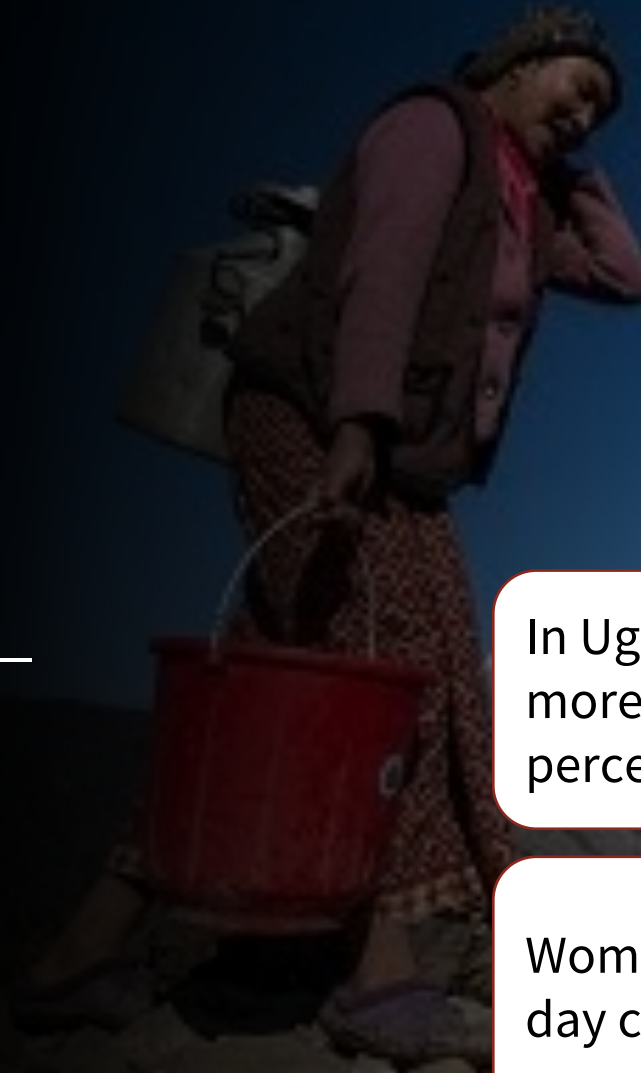
Not included in labour force surveys nor is it included in the calculation of GDP

it contributes to 10-39% of GDP

Valued at USD 11 trillion/year, globally

In Uganda, women spent 18% more time in care giving than men and 17 percent less time on productive activities

Women spend a total of 16 million hours a day collecting water



Impact on society and women

Eg: Women use the bathroom on an average of 5 times a day vs 3 for men. In Dar Es Salaam, a woman pays more to access the toilet at her work place, the market. It makes it harder for women to become traders in the same space as men. It is expensive!

THE GENDERED DIMENSIONS OF ILLICIT FINANCIAL FLOWS #STOPTHEBLEEDING



WHEN A STATE CANNOT MOBILISE SUFFICIENT RESOURCES AND/OR HAS BUDGET SHORTFALLS, IT CAN ONLY PROVIDE INSUFFICIENT AND LOW-QUALITY SERVICES (I.E. EDUCATIONS, HEALTH, SANITATION AND PUBLIC TRANSPORT), THEREBY PERPETUATING OR EXACERBATING GENDER INEQUALITIES.

Source: Development Alternatives
With Women For A New Era (DAWN)

Discriminatory tax laws & regressive taxes



03

THE GENDERED DIMENSIONS OF ILLICIT FINANCIAL FLOWS

#STOPTHEBLEEDING



WHEN A STATE'S ABILITY TO COLLECT REVENUES AND CONTROL ILLICIT FINANCIAL FLOWS (IFFS) IS RESTRICTED, REVENUE LOSS TENDS TO BE COMPENSATED THROUGH HIGHER TAXES ON COMPLIANT TAXPAYERS, SUCH AS SMES AND INDIVIDUALS, OR BY RELYING MORE HEAVILY ON INDIRECT TAXATION. THIS AGAIN AFFECTS WOMEN MORE HEAVILY BECAUSE WOMEN ARE BOTH OVERREPRESENTED IN SMES (THAT BENEFIT LESS FROM AVOIDANCE OPPORTUNITIES). THEY ARE ALSO AT THE BOTTOM OF THE INCOME LADDER, BEARING THE FULL BRUNT OF THE CONSUMPTION TAX.

Source: Development Alternatives
With Women For A New Era (DAWN)

Governments use regressive taxation to fill the gap. The patriotisme tax in Kenya is one example.

KEY FIGURES

POPULATION



17.09 M



0.588 (144th)

POVERTY RATE



58%

#TaxForChildRights

INVESTMENTS

18.04%

EDUCATION



3.06%

SOCIAL PROTECTION



9.24%

HEALTH



INDICATORS

28%

INDIRECT TAXES

Indirect taxes represented 28% of the 2018 budget.



19.87%

DEBT PAYMENT RATIO

In 2018, Zambia's debt payment ratio was valued at 19.87% of the budget.



24.1%

ILLICIT FINANCIAL FLOWS

Between 2008-2012, IFFs from Zambia were equal to 24.1% of the country's total trade.



REVENUE LOST

90%

INFORMAL SECTOR

About 90% of the labour force is employed in an informal economy not properly addressed by the tax system



The Zambian case

Zambia has lost USD17.7 million since 2007, when Associated British Foods took over Illovo sugar group. This amount is 14 times larger than the UK aid provided to Zambia in the same period.

The lost amount can put a child into primary school every 12 minutes.



International tax rules and curbing IFFs

IFFs are not only an African problem or a problem for just developing countries but a matter of global governance.

There is need to establish UN intergovernmental tax body which would ensure equal participation of all UN Member States on tax matters and the inclusion of clear and measurable goals and targets on curbing IFFs.

Governments need to review the enablers of IFFs and take action.

04



Conclusions and recommendations

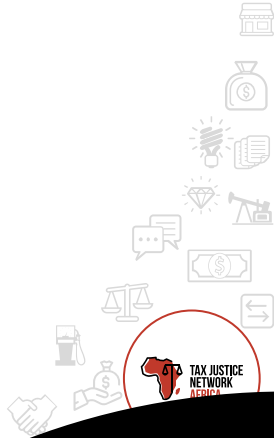


Maximise resources to fund gender equality

- Progressive taxation
- Gender responsive budgeting
- Support the creation of a global tax body

STOP ALL FORMS OF IFF

- Ensure all corporations pay their fair share where they operate



05

