

FRAMING FEMINIST TAXATION

Volume III



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Citation: Global Alliance for Tax Justice. 2026. Framing Feminist Taxation Guide III. Brussels, Belgium: Global Alliance for Tax Justice.

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List of abbreviations

4Ps	Pantawid Familyang Pilipino Program
ADB	Asian Development Bank
AFIP	Federal Administration of Public Revenues
ALMPs	Active Labour Market Programs
ANDIS	National Disability Agency
ANSD	Agence Nationale de la Statistique du Sénégal
ANSES	National Social Security Administration
ASEAN	Association of Southeast Asian Nations
ASEP	Solidarity and Extraordinary Contribution to help Mitigate the Effects of the Pandemic
AU	African Union
AUE	Universal Pregnancy Allowance
AUH	Universal Child Allowance
BCP	Banco Central del Paraguay
BID	Banco Interamericano de Desarrollo
BIT	Bilateral Investment Treaty
BPfA	Beijing Declaration and Platform for Action
CDI	Child Development Centres
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CELADE	Latin American Demographic Centre
CEPAL	The Economic Commission for Latin America
CF	Comite des Femmes
CIAT	Centro Interamericano de Administraciones Tributarias
CIPPEC	Centre for the Implementation of Public Policies for Equity and Growth
CIPRES	Inter-African Conference on Social Security
CIT	Corporate Income Tax
CMU	Agence Couverture Maladie Universelle
COVID	Corona Virus Disease
CRS	Common Reporting Standard
CSU	Couverture Sanitaire Universelle
DEIyG	National Directorate of Economics, Equality and Gender
DOH	Department of Health
DOLE	Department of Labour and Employment
DSWD	Department of Social Welfare and Development
DTA	Double Tax Agreement
EAP	Economically Active Population

- ECE** Early Childhood Education
- ECEC** Early Childhood Education and Care
- ECLAC** Economic Commission for Latin America and the Caribbean
- ECOWAS** Economic Community of West African States
- EEPs** Employment Equality Plans
- EnCaViAM** National Survey on the Quality of Life of Older Adults
- EPZ** Export Processing Zone
- ESCAP** Economic and Social Commission for Asia and the Pacific
- EU** European Union
- FCFA** Franc de la Communauté Financière Africaine
- FDI** Foreign Direct Investment
- FEOT** Foreign Exchange Outflow Tax
- FFTG** Framing Feminist Taxation Guide
- FISU** Socio-Urban Integration Fund
- FODESAF** Social Development and Family Allowances Fund
- FSAPH** Fédération Sénégalaise des Personnes Handicapées
- FSH** Fédération Sénégalaise des Habitants
- FY** Financial Year
- GATJ** Global Alliance for Tax Justice
- GDP** Gross Domestic Product
- GNI** Gross National Income
- GNP** Gross National Product
- GRB** Gender-Responsive Budgeting
- GST** General Sales Tax/Goods and Services Tax
- HIV** Human Immunodeficiency Virus
- HNWIs** High-Net-Worth Individuals
- HR** Human Resource
- IBIG** Ikaw, Bangko, Industria at Gobyerno
- IBP** International Budget Partnership
- ICT** Information and Communication Technology
- IESS** Ecuadorian Social Security Institute
- IFFs** Illicit Financial Flows
- IFIs** International Financial Institutions
- ILO** International Labour Organization
- IMF** International Monetary Fund
- INDEC** National Institute of Statistics and Census of the Argentine Republic
- INEC** National Institute of Statistics and Census
- IRPP** Corporate Income Tax and Personal Income Tax
- IT** Income Tax

JICA	Japan International Cooperation Agency
LAC	Latin America and the Caribbean
MDS	Ministry of Social Development
MMGyD	Ministry of Women, Gender, and Diversity
MMPs	Menstrual Management Products
MNCs	Multinational Corporations
MTEySS	Ministry of Labour, Employment and Social Security
NCGE	National Council for Gender Equality
NFSSP	The National Family Security Scholarship Program
NGO	Non-governmental Organisation
NNRR	Exploitation of Natural Resources
NSPS	National Social Protection Strategy
NTUS	National Time Use Survey
OCDE	Organización para la Cooperación y el Desarrollo Económicos
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OFW	Overseas Foreign Worker
OOP	Out-of-Pocket
OPC	Congressional Budget Office
OTG	Observatory on Taxation and Gender
PAG	Pagtutulungan sa Kinabukasan
PAIS	Tax for an Inclusive and Solidarity-based Argentina
PAMI	National Institute of Social Services for Retirees and Pensioners
PEG	General Executive Project
PFI	Private Finance Initiatives
PHP	Philippine Pesos
PISA	Programme for International Student Assessments
PIT	Personal Income Tax
PNCD	Non-contributory Disability Pensions
POT	Early Works Project
PPP	Public-Private Partnerships
PTLAC	Latin American and Caribbean Tax Cooperation Platform
PUAM	Universal Pension for Older Adults
REDCUDI	National Childcare and Development Network
RISE	Simplified Tax Regime
SAP	Structural Adjustment Programme
SCT	Special Consumption Tax
SDGs	Sustainable Development Goals
SET	State for Taxation

SEZ	Special Economic Zone
SIEMPRO	Information, Evaluation, and Monitoring System of Social Programs
SISU	Secretariat of Socio-Urban Integration
SMEs	Small and Medium-sized Enterprises
SNAEF	National Strategy for Women's Economic Empowerment
SNEEG	National Strategy for Gender Equity and Equality
SRI	Ecuadorian Internal Revenue Service
SRMT	Medium-Term Revenue Mobilization Strategy
SSST	Simplified Scheme for Small Taxpayers
STP	Technical Planning Secretariat for Economic and Social Development
UCW	Unpaid Care Work
UHC	Universal Health Coverage
UK	United Kingdom
UN	United Nations
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UOTS	Use of Time Survey
USD	United States Dollar
VAT	Value Added Tax
VSEs	Very Small Enterprises
WAEMU	West African Economic and Monetary Union
WB	World Bank
WEF	World Economic Forum
WHO	World Health Organization
WTO	World Trade Organization

Collaborative approach and acknowledgements

This guide reflects the dedication and collective effort of an exceptional group, including members of the Tax and Gender Working Group, GATJ regional networks, case study authors, and the Framing the Feminist Taxation Guide Core Group. They generously contributed their time, energy, and commitment, sharing their knowledge, expertise, lived experiences, and patience throughout the process. The guide reflects a truly collaborative approach—both in its development and its content—bringing together perspectives from civil society, government, academia, media, and beyond. We look forward to its continued growth and evolution, and extend our sincere thanks to everyone who contributed.

In particular, we wish to express our sincere appreciation to the following individuals for their valuable contributions to the production of this publication:

- The FFTG 3 core team: **Aminata Tooli Fall; Fariya Mohiuddin; Hazel Birungi; Kathleen Lahey; Matti Kohonen; Nii Amanquah Addo; Ommey Nahida; Roos Saalbrink; Sokhna Assiatou Diop; Verónica Montúfar; and Yamina Ouldali**
- The GATJ Coordinating team comprising **Maureen Mburu** and **Alexandra Wenzel**, plus the previous coordinators **Âurea Mouzinho** and **Valery Valencia**
- **Maria Julia Eliosoff** and **Noelia Méndez Santolaria**, authors of the Argentina case study. **Noelia Santolaria** also co-authored the conceptual and methodological framework
- **Klelia Guerrero García**, a tax and gender justice specialist and researcher with the Financial Transparency Coalition (FTC) and **LATINDADD**, who compiled the Ecuador case study. She was also part of the group that wrote the introduction, conclusion and recommendations
- **Veronica Serafini Geoghegan** and **LATINDADD** who authored the Paraguay case study
- **Riva Jalipa**, a taxation and human rights researcher at Amnesty International, who authored the Philippines case study
- **Marieme Gnagna Thiam** who compiled the Senegal case study

We would also like to acknowledge **NAWI Afrifem Collective** for their financial support towards the publication of this guide.



Chapter 1

Introduction

Care work is the invisible foundation of our societies and economies, yet remains chronically undervalued and underfunded. Care must be recognised as a public good and human right.

Maureen Mburu, Global Alliance for Tax Justice (GATJ)

Tax systems are not merely technical tools; they are ethical and political choices that reveal what—and whom—we value. Around the world, fiscal policy determines the distribution of wealth, the shape of our public services, and the architecture of care. Yet for decades, dominant tax models have been designed with a bias toward capital and extraction—ignoring the differentiated realities of women, girls, and gender-diverse people, particularly in the Global South.

This third volume of Framing Feminist Taxation emerges from a growing demand to centre care in fiscal policy. Following the groundbreaking work of *Volume I*, which introduced the feminist principles of tax justice, and *Volume II*, which examined how corporate tax abuse exacerbates gender inequalities, this edition focuses on the fiscal dimensions of care—both what is visible and what is deliberately obscured.

But what exactly do we mean by care? And why is it so difficult to grasp and finance?

Care is not a single sector or program. It is a bundle of systems, institutions, public services, and responsibilities that cut across education, health, social protection, welfare, water and sanitation, housing, time use, and emotional and reproductive labour. It is embodied in both paid and unpaid work, and its boundaries are porous. The complexity of care makes it challenging to precisely trace where it begins and ends within public finance systems. Often, its components are diffused across ministries and budgets. While care work is deeply embedded in economic and social life, fiscal architectures rarely name or prioritise it directly.

In other words, care is everywhere, yet nowhere fully. This presents a fundamental challenge: how do we identify, value,

and finance care when it is entangled with systems that were not built to centre it? The fragmentation of care policies and the invisibility of care labour—particularly unpaid and underpaid work performed by women and gender-diverse people—are not technical oversights. They are outcomes of biased systems. Tax regimes reflect choices about who contributes, who benefits, and whose labour is counted.

Focusing on care is not only an ethical imperative—it is a political strategy. Investing in care systems is one of the most effective, transformative uses of public finance. Yet governments underfund care while offering tax breaks to corporations and the wealthy. This disinvestment undermines both human rights and economic sustainability.

The recognition of care as an autonomous human right by the Inter-American Court of Human Rights constitutes a landmark development. It has far-reaching implications for the design and implementation of states' tax systems and fiscal policies, beyond their status under the American Convention on Human Rights. By framing care—both paid and unpaid—as a right in itself, the Court's recent consultative opinion marks a significant evolution in international human rights jurisprudence.

This recognition affirms that a series of obligations binds States, including:

- The structural organisation of the state apparatus to legally guarantee the free and full exercise of the right to care;
- The adoption or repeal of domestic legal norms necessary to ensure the effectiveness and scope of this right, including the explicit recognition of every individual's right both to provide and to receive care; and
- The abstention from acts or policies that may infringe upon or undermine the realisation of this right.

This volume draws on national case studies from Argentina, Ecuador, Paraguay, the Philippines and Senegal, to unpack how care is treated—or neglected—within tax and spending structures. Each chapter seeks to respond to the following questions: What are the fiscal conditions shaping care in this context? How do tax burdens and exemptions affect the resources available for care? What political, institutional, and social norms influence these outcomes?

Though contexts differ, common patterns emerge: limited fiscal space, over-reliance on indirect taxes, gender-blind budgeting, and the marginalisation of care in macroeconomic narratives. And yet, movements are intervening. Feminist, tax justice, and community-led organisations are forging new coalitions to demand just taxation and sustained investment in care.

This volume aims to support the work of movements—for advocates, scholars, organisers, and policymakers who believe that another fiscal future is possible. It is published at a crucial geopolitical moment. The UN is advancing a *Framework Convention on International Tax Cooperation*, and regional spaces such as the *XVI Regional Conference on Women in Latin America and the Caribbean* are placing care at the heart of feminist and economic agendas. Campaigns like the *Global Days of Action for Tax Justice for Women's Rights* continue to mobilise around the intersection of care, taxation, and justice.

We write this volume not to simplify the complexity of care, but to make its political contours visible. We aim to equip movements with the analytical tools and policy insights needed to link care, tax, and justice in ways that are context-specific and globally relevant.

Taxing differently means caring differently. And caring differently is the foundation of building feminist, redistributive, and sustainable economies.

1.1 About this volume

Framing Feminist Taxation – Volume III: Financing Care through Tax Justice is a collaborative publication led by members of the *Global Alliance for Tax Justice (GATJ)*, with key contributions from Latindadd, International Budget Partnership, International Women’s Rights Action Watch (IWRAP) Asia Pacific, DAWN Feminist, Action Aid International, Gender and Development Network, Christian Aid, Financial Transparency Coalition, Queens University, Public Services International (PSI) and national feminist organisations in five countries. It builds on the path laid by *Volume I*, which articulated the foundational principles of feminist tax justice, and *Volume II*, which explored the intersections of gender, inequality, and corporate taxation.

This volume expands the analytical lens to care and the fiscal structures that underpin it. It was developed through a co-creative process involving case study research, advocacy dialogues, and feminist political framing. Its goal is to contribute to the collective effort to make tax systems responsive to the needs, rights, and demands of care workers and communities.

Framing Feminist Taxation – Volume III is part of an ongoing commitment to shift fiscal narratives and strategies—from technocratic frameworks to transformative feminist praxis. It is not only a research tool, but a political intervention. It affirms that care is not marginal. It is central to building sustainable, just, and dignified societies.



Chapter 2

Conceptual and methodological framework

Feminist economists have shown that societies are structured hierarchically around gender categories. This hierarchy reflects a capitalistic, heteropatriarchal order that places women and diverse gender identities in a socially subordinate position to men. It also shapes expectations about the type of work and economic behaviour assigned to each group, based on gender prejudices and stereotypes. They also demonstrate that gender is not the only social organiser, but that these inequalities intersect with other categories that make up the social order, such as class, race, place of origin, age, etc. Therefore, the way in which resources are collected can reproduce or reinforce the inequalities posed by this unjust social order or operate to correct and transform them.

The extensive feminist economics literature on taxation shows that tax systems affect people unequally based on their identity. They highlight the existence of explicit gender biases in tax regulations, that is, the unfavourable treatment of women and diverse gender identities explicitly printed in the law. On the other hand, it provides a large number of tools to be able to make visible the so-called implicit gender biases of tax regulations. Implicit biases refer to situations in which, even when tax policy is applied to all people equally, i.e., no population group is explicitly discriminated against in the regulations, they still have differentiated effects on people due to the different places they occupy in the economic and social system based on their identity (Stotsky 1996; Grown and Valodia 2010; Rodríguez Enríquez and Itriago 2019).

To make gender-blind spots and implicit biases visible, feminist economists analyse the distributional incidence of taxes alongside the incentives and disincentives generated by tax policy. This analysis considers people's identities and other gender-sensitive categories that determine their position in relation to tax authorities and tax policy. Among these, other categories of analysis proposed by feminist economists include: i) the different types of household configurations, which may or may not conform to the heteropatriarchal model of the family; ii) the various categories of work socially assigned based on gender identity, and their relation with labour rights access and the taxpayer's

condition; iii) the different types of consumption behaviours and income and wealth ownership, which is also mediated by social belonging to different population groups.

In addition to this intersectional view of explicit and implicit inequality in taxation, feminist economics makes another contribution to the economic body of knowledge by critically examining and making visible the way in which societies order people's time and income according to their identity. In this sense, they show the systemic role played by care work that is socially associated with the feminine, and is carried out mainly (but not exclusively) in an unpaid way and which enables the development of the economy and society in which we live (Picchio 2001; Federici 2013; Esquivel 2014; Rodriguez Enriquez 2015). The intersections between taxes and care, though not immediately obvious, have the potential to transform traditional approaches to taxation, recentre the role of the tax system in the redistribution of economic resources, and connect public funding with everyday life.

2.1 Conceptualising care

Care work is largely invisible within the traditional economy, which focuses on monetary and market-based activity and treats the labour force involved in production as a given (rather than produced) factor (Picchio 2001). However, the feminist perspective shows that in order for there to be workers in conditions to be employed and sustain the economic-mercantile system in which we live, a massive contribution of hours of effort is required. These hours of effort aka *work* guarantee the daily reproduction of life, allowing people, generation after generation, to renew their energies, and survive and develop in the societies in which they live. According to Rodriguez Enriquez (2015) care work includes the practices of:

- Direct care of other people which comprises the interpersonal work of attending to the needs of those with lower degrees of autonomy (such as children, the elderly, sick or those living with disabilities) as well as supporting individuals who are able to care for themselves but still require some attention.

- Indirect care which includes the work to guarantee the preconditions of care (cleaning, procurement of supplies, preparation of food, etc.) and care management (planning of activities, transfers coordination and supervision of care workers, etc.).
- Self-care which includes the effort to ensure one's own rest, health, well-being and personal fulfilment.

In addition to being work, care is a necessity and a right (Pautassi 2023)¹. All of us throughout our life cycle depend on the care of others to survive and have been cared for by others. We have the right to receive care and to provide care according to our needs and desires, and to do so on an equal footing with decent working conditions.

1. Complementarily, it is recommended to consult the Inter-American Court of Human Rights Advisory Opinion 31 of 2025: The Content and Scope of the Right to Care and Its Interrelation with Other Rights. <https://www.corteidh.or.cr/OC-31-2025>

Care can be paid and unpaid, and the contribution that both types of care make to the economic system is known as the *care economy* (Esquivel 2011). The *social organisation of care* is the interrelated way in which families, the state, the market and community organisations produce and distribute care (Rodriguez Enriquez 2015).

2.2 Social organisation of care

The *unpaid care work* carried out by households is a contribution of enormous economic relevance, even if there is no monetary compensation for the effort. Various studies worldwide show the contribution this work would make to Gross Domestic Product (GDP) if it were remunerated. These estimates are made based on the Time Use Surveys that allow us to account for the hours that people dedicate to tasks such as tidying up and cleaning their homes, preparing their meals, supporting the most dependent members of the household in the development of their daily activities (such as children, the elderly and the disabled) as well as volunteer work in their community. By assigning a monetary value to these hours, they realise that unpaid care is an economic activity even more relevant than most industries, commerce or construction.

Within the category of *paid care work*, feminist economics encompasses activities such as education, health and remunerated

domestic work. Despite the fact that on many occasions those who work in these areas (especially when they have technical-specialised knowledge) find it difficult to see themselves as care workers (Esquivel 2011) (as care is prejudiced associated with non-technical and assistance-based knowledge), these jobs contribute to the development of people's lives and allow their participation in productive activity. In addition, in most cases the services they provide alleviate the burden of unpaid care that people face within their homes. Even when care is paid work, it remains economically undervalued. It is typically associated with lower recognition, lower wages, and more precarious working conditions compared to other sectors.

2. For example, as publicly seen in the Cambridge Analytica Scandal, social media Big Tech Companies enable the manipulation of public discussion forums in the virtual realm, degrading democracies (also see Lobo 2017 on fake news, bubble filters, social bots, and social propaganda harmful effects on democracies). On top of that, over the last decade, evidence has emerged identifying reasons for concern about the potential negative impact of social media on children and adolescents (The U.S. Surgeon General's Advisory, 2023) while tech companies encourage addictive behaviours to keep captive audiences

In contrast to the social organisation of care, extractive economic activities often exploit public goods and harm the environment through predatory practices, compromising social reproduction while generating high monetary profits. Extractive activities are usually associated with mega-mining, monoculture or hydrocarbon exploitation, for which the environmental damage has been widely documented (Acosta 2012 in Vasquez Duplat 2016). However, it is also possible to think of extractive economic activities taking place in other spaces. For example, in the urban space when luxury real estate developments prey on the use of urban land, degrading life in cities (Vasquez Duplat 2016), or the virtual space where large technology companies, through data mining, prey on people's information and, in exchange for profit endanger life in society and democratic order (Gurumurthy et al. 2018)².

Extractive activities are not only those that omit, evade, and elude the responsibility of restoring the environment that resource-intensive practices degrade, but can also be thought of more broadly. In a broader scope, extractive activities can be thought of as all those activities that omit, evade and elude the responsibility of contributing the fair share of the profit they make in the territory where they operate. Of particular relevance in this regard is the activity of multinational corporations (in different business areas) that, having obtained a profit from their activity in a given territory, use a complex financial-accounting architecture and aggressive tax planning (operating at the limits of the legislation or directly outside it), to transfer their profits to jurisdictions with lower tax rates, within or across the borders of the countries.

They are extractive because they draw on natural and intangible resources, as well as human labour, without contributing to the upkeep, regeneration, or sustainability of these resources in the communities they occupy.

2.3 Care work as an ordering axis of everyday life and society

Care work is an ordering axis of time in the lives of people, of societies and a knot for the reproduction of socio-economic inequalities (Perez Orozco 2009). This is because, in addition to being invisible and devalued, it is unfairly distributed. This unfair distribution occurs both between individuals based on their identity and between the different social actors (households, the market, the state and community organisations) according to the prevailing socio-economic paradigm.

As mentioned before, on an individual level, care is an organiser of people's lives because the type of work we perform is socially shaped by the unjust sexual division of labour. This division of labour places a disproportionate burden of care work on women, rooted in gender prejudices and stereotypes that associate the feminine with "natural" abilities for such tasks. Men, in contrast, are often exempted from assuming equal responsibility for care, including their role in the reproduction of life.

These *gender stereotypes* cannot be explained by biological issues of sex assigned at birth. They are social constructions that grant different and hierarchical tributes to people according to their *gender identity*. Thus, work in the public sphere, the development of productive activities and mercantile-monetary transactions are traditionally associated with masculinity and are socially assigned to people who identify as male, while the domestic sphere, care work and non-market exchanges are associated with the feminine and are socially assigned to women. In this way, societies privilege men's access to the labour market, to better-paid positions and in some cases even to the ownership of goods and assets, explaining gender inequalities with respect to income and wealth.

Even in societies where *traditional stereotypes* of femininity have been challenged by women as they occupy more and more places in

the public and productive sphere, men have not taken on the same share of domestic-reproductive work. This, on the one hand, leaves women with care responsibilities at a relative disadvantage in accessing paid employment compared to their male counterparts, and with more precarious work trajectories. On the other hand, it reproduces inequalities among women themselves, since when they enter the labour market, the care deficits that men do not cover are filled thanks to the unpaid work of other women or thanks to the paid work in worse working conditions of migrant women and women from lower socio-economic strata.

At the collective level, care is an organiser of society and the interrelated and dynamic way in which households, states, the market and community organisations produce and distribute care. Care networks embedded in the social organisation of care link individuals' lived experiences of providing and receiving care to their interactions with a range of social actors, institutions, and regulatory and normative frameworks at both national and international levels (Perez Orozco 2009).

These interconnected personal-collective experiences of care are dubbed the *Social Organisation of Care*, and its forms and networks take various shapes depending on the historical construction that societies have made around the provision of well-being for their population (Rodriguez Enriquez 2025). Beyond the particularities, the fact that there is a feminised, family-based and socioeconomically stratified production and distribution of care can be generalised.

The usual model of care organisation in societies is that most of the care work gets done in the household, free of charge, within the framework of kinship relationships and where, through sexual division of labour and gender prejudices, the women of the family are the ones who carry out the most substantial part of this effort (Perez Orozco 2009; Rodriguez Enriquez 2015).

As Esquivel (2011) points out "*the social organisation of care is the other side of the coin of organisation of paid work.*" The production and distribution of care within families is closely related to the access of its members to the labour market and, indirectly, the government plays an important role in shaping those family dynamics. Through regulation of the labour market and social

security safety net systems, employment and income policies, government can distribute the time and income available for care. This intervention can either reinforce gender biases and the traditional sexual division of labour or help challenge them by creating opportunities for men to share equally in caregiving and by supporting the economic autonomy of women and people with diverse gender identities through fair compensation for their work.

Policies that allow time to care include the different types of paid leave from work (e.g., maternity, paternity and breastfeeding leaves or remunerated time to care for a family member who is ill, etc.) that are generally only available to formal wage earners, in contributory financing schemes and therefore, unfairly distributed between men and women.

Policies that provide money for care can be conditional and unconditional income transfers to people who may be part of a contributory social security scheme or not. On the one hand, the retirement and pension system gives the elderly or people with disabilities autonomy to provide for themselves and decide on their care. On the other hand, family or pregnancy allowances give more resources to people with children to guarantee the care of these populations based on their needs and desires. The latter type of policy does not necessarily transform the maternal paradigm of childcare or the time that women dedicate to caring for children, but it can provide them with a certain economic autonomy, particularly in cases where men do not assume responsibility for the care or economic support of their children.

Time- and money-based care policies are typically funded through social security systems. For salaried workers within the contributory system, these benefits are often combined—for instance, they may receive paid leave, reduced working hours for caregiving, and family allowances. This indicates that the social organisation of care is mediated by the type of insertion into work that members of the households have. Those households with a precarious insertion in employment, unregistered or informal, are often excluded from the institutional social safety nets that provide time and money for care. Consequently, these individuals and their households rely more heavily on their own economic resources to secure the material conditions for care, as well as on support from family and community care networks.

States can also implement policies to encourage women and diverse-identity people's participation in the labour market and enable access to social security systems. However, if these policies do not take into account the unequal way in which care is distributed within households and simultaneously operate to correct these imbalances, they can lead to the total overload of work (paid and unpaid) of women and feminised identity people.

When care becomes *de-familiarised*, that is, when care needs are met outside of these kinship relationships and through services that allow the daily reproduction of life, care can be:

1. Resolved within the framework of the community and in support networks that transcend the family dimension, mainly sustained by voluntary work, often framed in community organisations (such as social, neighbourhood, confessional organisations, etc.) and where, if there is any economic contribution from the members of that community, it is not directed to or conceived as remuneration for the work done.
2. Purchased in the market, typically through the hiring of domestic service but also through the contracting of private education and health services, based on the income of the individuals and households to which they belong.
3. Provided by the government through public and welfare services. Access in this case is mediated, on the one hand, by the political conception of the role of the public sector in the production of well-being for populations with a lower degree of autonomy (which, as we have seen, can reinforce the family-oriented and maternalistic ideas of this responsibility or transform them) and, on the other hand, by the effective possibility (in terms of material resources) for states to provide universal, high-quality and free of charge public services. The fragmentation of the public system also stratifies people's access to them. State resources must guarantee the remuneration of workers in these services, the daily cost associated with service provision (supplies, building maintenance, etc.) and the capital cost of building the infrastructure needed to develop the activity. At this point we talk about states, in plural, because it is important not to think of the state as a monolithic institution when it comes to public services. They are often decentralised, and their provision and financing are the responsibility of

subnational and local states, which also makes the territorial factor a determinant for access.

4. Care can also be provided through some kind of partnership between these actors, especially in fragmented public service frameworks and underfunded states. For example, public-private partnerships, where the authorities subcontract the provision, operation or management of public services from which they derive some economic gain; community-based services that are publicly supported and subsidised; care services provided by charities funded by private funds that thereby obtain some economic return (i.e., tax relief); among others.

More precisely, when we talk about *care services* we talk about early childhood education, healthcare, social care, long-term care and paid domestic work. The *care infrastructure* is the social infrastructure needed to provide these services, whereas the *care-related infrastructure* refers to public services that enable the pre-conditions for care activities to take place like the provision of drinking water or electricity supply.

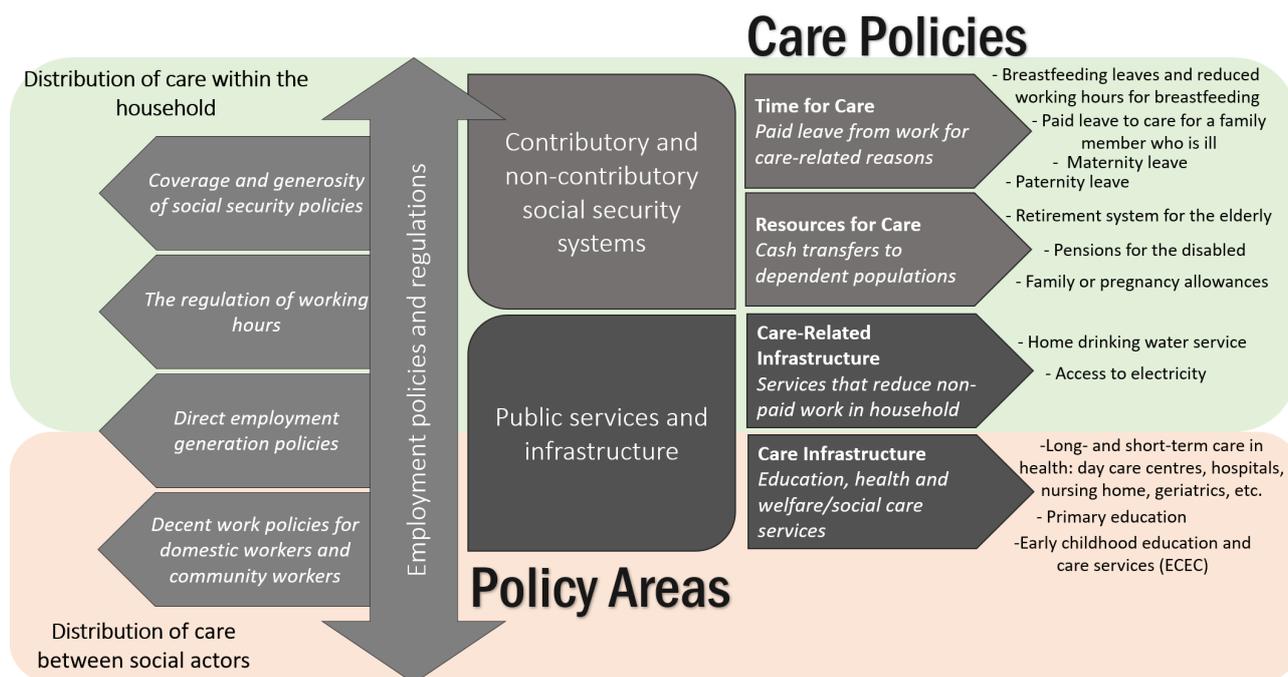
In conclusion, the freedom with which people decide how to care for and be cared for depends on:

- i) their family composition;
- ii) the income of their household and the type of labour insertion of their members;
- iii) the bonds they build outside of kinship relationships;
- iv) the place they live in and their access to public and welfare systems.

The state is not just another actor in the social organisation of care, but one with the potential to transform itself and transform the current unjust configurations of care and social reproduction. It regulates and influences the role of the rest of the care actors through labour market regulations, the design of social security schemes and the investment in public services. Figure 1 schematically summarises the policies on time, money, public services, infrastructure and labour regulations that affect the distribution of care within households and among social actors that have been discussed up to this point. These policies

are grouped into two major mechanisms of public provision of care: i) the contributory and non-contributory social security schemes; and ii) the provision of public services and infrastructure construction, respectively.

Figure 1: Care policies and care provision mechanisms



Through care policies, the state is responsible for guaranteeing *the right to be cared for and to provide care* under conditions of equality depending on people’s needs and desires and for driving the path towards *care societies*. The care society puts the feminist principle of sustainability of life at the centre and recognises the interdependence between people, the environment and the economic and social development in a synergistic way (ECLAC 2022).

To move towards these societies of care, the state needs to redistribute time, plus the income and wealth that is produced in society. In terms of fiscal policy, expenditure must aim to sustain life and correct the unjust organisation of care. However, that is not enough. Income policy must also be aligned with these objectives, since the forms that care expenditure policies take are multiple, and therefore their financing needs are different. Income policies should adopt a progressive approach that ensures

sufficient funding to advance universal access and solidarity-based programs, while promoting shared responsibility for care between men and women as well as among different social actors.

2.4 Financing of care and the tax system

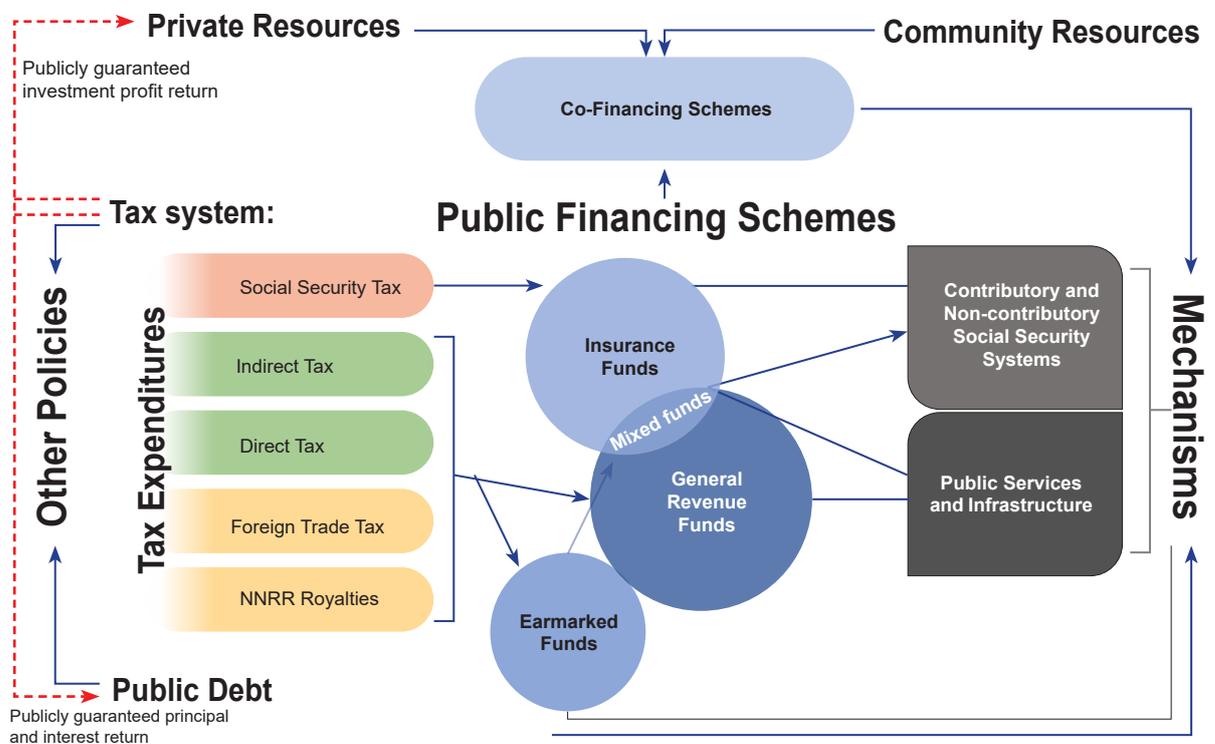
The financing of care is most commonly examined through expenditure studies. In this sense, a first body of knowledge can be identified in the analysis of budgets with a gender perspective that analyses what proportion of spending is devoted to gender-sensitive policies with the potential to redistribute care (we can cite the pioneering work of Budlender and Hewitt (2003) and Elson (2002)). More recent studies seek to determine the deficits in care services, fiscal cost of the investments needed to cover them, and the benefits of these investments in terms of economic activity and decent work generation (Kim et al. 2019; ILO 2018).

Less has been produced to address the question of how the resources to finance these expenditures are obtained. This has been one of the main obstacles to advancing the investments needed to build *care societies*. This publication aims to contribute knowledge in this sense, reflecting on income policies (and more precisely tax revenues) that would make it possible to provide, in a solidarity-based and progressive manner, sufficient resources for care policies capable of transforming unjust gender relations.

As discussed so far, care policies are diverse and the nature of the expenditure needed to support them also differs, and therefore their financing needs are different. When we discuss time- and money-for-care policies, we are referring to current social security expenditures, which account for a significant share of public budgets. On the other hand, public care services in health and education, which are very labour-intensive, require different financing mechanisms to cover the different kinds of expenditures they entail: i) in the first instance, it is necessary to mobilise a good flow of stable resources to cover salaries and daily costs associated with provision of the service (supplies, building maintenance, etc.); ii) a financing source capable of funding the infrastructure expansion which requires considerable capital expenditure within a short period of time (e.g., the construction of kindergartens for early childhood care, but also the necessary conditions to access

them, electricity, water and sewage, roads, etc.) is also necessary. Whereas in the care-related infrastructure (i.e., investments in power facilities and water treatment infrastructure), the main cost lies in the construction of the physical infrastructure, which usually requires a massive amount of resources and takes a considerable amount of time to be completed. The financing schemes should be capable of guaranteeing a large amount of money sustained over time. The resources and schemes used to finance them can take different forms as shown in Figure 2.

Figure 2: Tax resources and financing for care schemes



- Equality in the tax system means that people with the same contributive capacity should be taxed the same, while equity establishes that people with greater contributive capacity should be taxed relatively more.

Tax policy is a fundamental tool since it is the most stable source of income, and the only solidarity-based way to finance public goods and services. However, not all policy tools that make up tax systems are capable of mobilising the same amount of resources, nor do they have the same effects on equity and equality³. Although each tax system takes a different form in each country,

it is possible to distinguish three types of resources common to most tax systems:

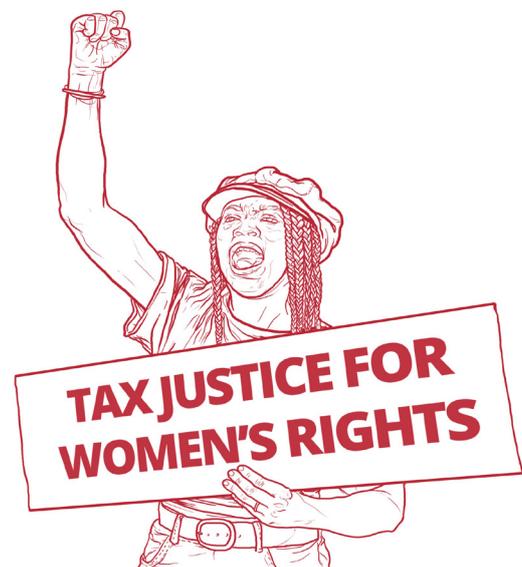
- i) direct taxes;
- ii) indirect taxes and
- iii) social security contributions; and two other types of resources that depend on the productive structure of each country:
- iv) taxes on foreign trade;
- v) royalties on natural resources.

Indirect taxes (including selective taxes and VAT) are easily collected and tend to provide a large and stable flow of revenue. However, they have a high cost in terms of equality, since they tax variables such as consumption or the level of activity that do not distinguish the contributive capacity of individuals.

Direct taxes enhance equity in the system by enabling individual taxation and levying taxes on immediate indicators of contributive capacity, such as income, wealth, profits and personal assets. Nevertheless, they are more susceptible to evasion because they are based on voluntary declaration systems, especially in middle- and low-income countries where subsistence activities account for a large part of the economy and informality is highly substantial. In these countries, these types of taxes bring in a smaller proportion of resources in relative terms and with a greater seasonality than most indirect taxes. In principle, the greater the relative weight of direct taxes in the tax structure, the more progressive it will be.

In addition to these two types of tax (in green in Figure 2), states can also obtain resources through taxes on foreign trade, i.e., import tariffs and export duties, as well as through royalties on the exploitation of natural resources (NNRR) (in yellow in Figure 2). However, the way these resources are collected, and their collection capacity will depend greatly on the productive structure of each country.

The destination of the mentioned taxes is not decided on the basis of each taxpayer's contribution, but on the basis of political negotiation in



parliaments, where the distribution of funds acquires a complex legal and regulatory structure that often makes it difficult to understand what the final destination of the collection is. Unless the taxes have a specific allocation associated with them, i.e., they are earmarked funds, they are transferred to the general revenue coffers. Governments have full discretion over general revenue and can allocate these resources according to their policy priorities, as reflected in public budgets.

It is important to note that the use to which taxes are put is not neutral. For example, if the funds collected from indirect taxes, which tend to be stable and abundant, are allocated to expenditures that promote equality such as universal, high-quality, fee-free education, their regressive nature can be mitigated. On the other hand, if funds raised through progressive taxes (i.e., wealth tax) are allocated to care policies that require sizable current expenditures, although redistribution is deepened, there is also a risk that revenues will not be able to finance all expenditures (as they are more easily avoided).

The issue of how the allocation of resources is decided is what differentiates social security taxes (in blue in Figure 2) from the rest of the public revenues listed above. Although they can be considered a kind of tax, when they are structured in contributory schemes they obey the logic of an insurance scheme where benefits are “titularized”, i.e., the payment received depends on what has been contributed. This type of financing is generally used to fund retirement pensions, disability pensions and family allowances for formal workers. It is also often their primary means of accessing health services. In the latter case, it is also common to have a co-payment system, i.e., an out-of-pocket expense when accessing health services that are not covered by insurance.

A final element in the tax system and the financing of care policies is tax expenditures (tax waivers that reduce the tax burden, represented by the faded boundaries in tax resources in Figure 2). As Rodriguez Enriquez and Méndez Santolaria (2021) point out, in general, the evidence on the use of these incentives indicates that they tend to be appropriated by highly concentrated sectors of the economy which generate little or poor-quality employment. Additionally, although these policies could favour the provision of care services and infrastructure, a tax credit for the purchase

of care services incentivises the privatisation of care provision. Feminist views on this mechanism tend to conclude that it is more effective to refrain from tax waivers, reduce the risk of tax avoidance, and use the resources from these sources for the public provision of care policies.

2.5 Schemes of public financing for care

There are different types of financing schemes for the provision of care, which can be purely public (based on taxes or public debt) or co-financed, i.e., in partnership with the private sector (also known as blended finance) or the community (see Figure 2).

In their study on public financing schemes for care services, Scuro et al. (2022) warned that those based on general revenues present some risks. For instance, that resources may be threatened in contexts of austerity, that distributive inequalities may deepen if the tax burden is increased on sectors with low capacity to cope with it, and that there may be variability in financing depending on the policy priorities of each government. On the other hand, they see an opportunity to create more financing space by channelling the collection of selective taxes and royalties for the exploitation of natural resources towards care policies, and by deepening efforts and international cooperation to reduce tax evasion and avoidance.

On the side of insurance-based financing schemes for care policies, they warned that there are a number of specific challenges in middle- and low-income countries: i) the high prevalence of informality weakens the contributory base and excludes workers who earn their livelihoods in the informal economy from accessing benefits; ii) the increase in social security and health insurance contributions could discourage the creation of formal employment; iii) the difficulty of meeting out-of-pocket expenses in labour markets with low levels of average remuneration. They conclude that insurance-based models are incomplete since they are only applicable to some care policies and are aimed at a population with access to the formal employment market or with certain purchasing power levels. There are some other risk factors in this type of financing: i) depletion of the demographic bonus; ii) advance of technologies that allow production processes to increasingly dispense with labour or encourage the informal hiring

of workers. Social insurance schemes based on pay-as-you-go systems must serve more and more beneficiaries with fewer and fewer contributors, and social security trust funds are weakening.

Not all social security resources are structured under the contributory logic; there are also non-contributory schemes that grant access to rights beyond the contributions made. These schemes can be financed through social security contributions or trust funds, but also through other sources of income. This type of financing falls into what Scuro et al. (2022) identify as mixed fund models and cite the example of the Social Development and Family Allowances Fund (FODESAF) in Costa Rica, which is key to financing the National Childcare and Development Network (REDCUDI) and is funded from general sales tax revenues and employer contributions.

They also argue that the strategy of mixed funds provides greater financial sustainability to policies and programs, since by having diversified resources, when one source decreases due to the economic situation, the others can allow the provision or service to be maintained. They warn that when designing mixed financing models it is important to think of schemes that do not generate or deepen segmentation, with public services or low-quality and saturated services on the one hand, and higher quality services through private or semi-private (blended) schemes on the other.

Another financing alternative is the public debt emission. Although this injects a large amount of funds into the state when it is received (inflows in blue in Figure 2), it also implies the commitment of smaller future disbursements that in the short- or long-term will be financed by the tax system (outflows in red in Figure 2). The tax system must therefore be able to guarantee the repayment of principal and interest within the agreed-upon timeframe, and debt service outlays may eventually divert resources from care policies. Public debt can be obtained from private investors or international financial institutions (IFIs), and the funds are usually freely available to governments. Repayment is rarely contingent on investment returns, economic growth, or increases in revenue. Moreover, especially in the case of public debt taken out with private investors, the tax system can act as a guarantee for the debt. That is, creditors are granted the right to take priority claim

to one of the sources of collection, a kind of revenue seizure to ensure repayment.

Although debt funds can be directed to finance a care policy (covering all or part of the expenditure) only on rare occasions is debt issued specifically to finance care policies. Usually, this type of earmarked debt is taken out with IFIs. These institutions typically impose conditionalities on governments, requiring compliance with certain standards aligned with their gender strategies—which often have little connection to feminist principles—and fiscal policy measures to ensure repayment. These frequently conflict with the goals of promoting greater equality and equity (Elson and Rodríguez Enriquez 2021).

Finally, co-financing schemes involve a partnership between the state and a private institution (blended finance) or between the state and a community association to provide a care service. To fund these joint projects, the state can use any of the financing schemes based on taxes or public debt described above.

When an association operates on a non-profit basis, the community usually contributes in kind, such as by volunteering their time or providing spaces where services can be offered. When the association is for-profit, the most common co-financing models are PPP, also known as private finance initiatives (PFIs) or blended finance. These financing mechanisms are promoted by IFIs as a strategy to ensure financing in a context of greater fiscal pressure on public accounts. However, as Rodríguez Enriquez and Llavneras Blanco (2023) point out, it is also the vehicle for corporate capture of the state which is used as the guarantor of the return on the investments made by the private sector, thus assuming most of the risks of the enterprise.

According to the authors, this mechanism is predominantly employed in the development of large infrastructure (especially in transportation, energy, drinking water and sanitation, and information and communication technologies) plus public service projects. It is articulated through the signing of medium- or long-term finite contracts between the public sector (at the national or local level) and a private sector company or corporation. The state sets the public interest objectives to be achieved, supervises the

quality of the proposed services, the pricing policy, and ensures the achievement of the proposed objectives. In the event that the contract is not renewed, ownership of the asset is transferred to the public sector upon its termination. However, contracts are usually renewed and extended over time. Both parties share the risks inherent to the completion of the project, macroeconomic setbacks that may affect the project during construction and unforeseen regulatory risks such as new environmental regulations that may affect the projected costs. The private sector can recover its investment in two ways: either by charging users a fee for the use of the service (often subsidised by the state) or by charging the state directly for providing and managing the service.

2.6 FFTG3 methodological approach

The third edition of the Framing Feminist Taxation Guide explores tax policy challenges and alternatives to achieve care financing in the interest of building social protection systems that work for everyone. This new volume brings cases from Africa, Asia, and Latin America and the Caribbean, along with a broader discussion of what it means to think about feminist taxation for care financing, that is, the intersections between tax justice, gender justice, and care.

With this third volume, the aim is to broaden the focus, emphasizing that achieving feminist tax justice requires viewing tax policy and public spending as inseparable—especially highlighting the central role of investing in public care infrastructure. The goal is to connect the tax issue to a broader economic and gender justice agenda, rather than delving into the analysis as an isolated issue. Thinking about taxation from the conceptual frameworks of feminist economics and care:

- i) Enables one to understand how public money operates in the social organisation of care, which then allows the design of taxes that are better aligned with the care society's purposes and the differentiated needs for financing of gender-transformative care policies.
- ii) Reveals how public money is appropriated by different people and different activities based on their relation to care.

This approach requires thinking about day-to-day economic phenomena in relation to the macroeconomic tensions of production, care, and distribution. It implies counterposing the traditional vision of the economy with a systemic and holistic view, aware of the imbalances of power in the society locally and worldwide, of structural inequalities and their intersectionality. This view allows for:

1. The recentring of life and well-being in the core of the economic system, challenging the prevailing paradigm that identifies taxes as an obstacle to the development of economic activities, and enabling the care society through tax policies.
2. The reclamation of the redistributive nature of tax policies by:
 - a) Making visible the enormous economic contribution of the care economy to the economic system.
 - b) Unveiling the differential impact of taxes on people based on their identities and their position in the social organisation of care.
 - c) Linking taxes with the destination of the revenue.

The case studies in this publication provide a context and comprehensive analysis of the different policies linked to care vis-à-vis its financing through tax systems and fiscal policies more generally. They also provide an analysis of how existing tax policies – or lack thereof – impact women, marginalised groups, youth, children, and gender inequities in general.

Each case study is divided into three main sections. The first provides a description of the main characteristics of the country's tax system, including the strengths, challenges and nodes of inequality reproduction. It describes the types of tax policies adopted and the overall collection capacity of the system, as well as that of each of its components. It assesses the extent of progressivity or regressivity in the system's structure. It also examines the gender inequalities embedded in the system, considering both explicit and implicit biases against women in the collection and redistribution of tax revenues.

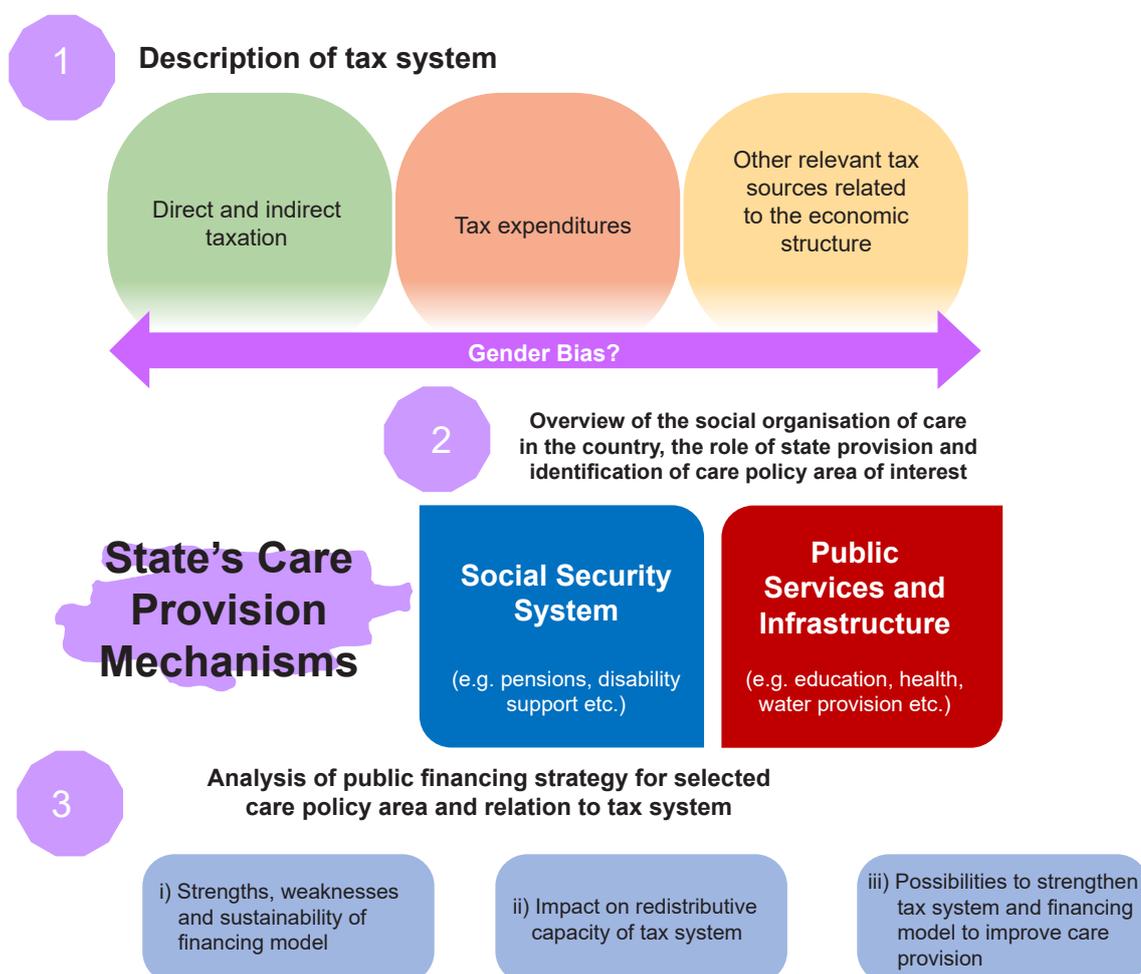
The second section provides a snapshot of the social organisation of care and the role of public provision of care in the given context. It also identifies one care or care-related policy area for which the assessment of the financing strategy and the relation to the tax system would be relevant, taking into account the policy's

targeted populations, its transformative potential, the extent of coverage it guarantees and the links with paid employment and unpaid care work.

The final section analyses the financing scheme of the selected care policy area in view of its relation to the tax system. Specifically, this section addresses the following questions:

1. What is the state’s financing strategy for the chosen care policy area?
2. What are the strengths and weaknesses of the chosen financing model? Is the current financing model sustainable and sufficient for ensuring transformative provision of care?
3. How does the selected financing model impact the redistributive capacity of the tax system?
4. How could the tax system be reformed to enhance financing for the chosen care area?

Figure 3: FFTG3 methodological approach



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Chapter 3

Financing care policies and the social organisation of care in Argentina

3.1 Introduction

Financing public care provision is often the key bottleneck, and where most policy proposals face their strongest resistance. However, in Argentina and in other countries of the region with similar characteristics, it is possible to identify a series of programs and policies that, with narratives that may or may not explicitly recognise care, have managed to influence how care is produced and distributed in the society in various ways. This case study aims to analyse the financing of care policies, meaning policies crucial to shaping the social organisation of care in Argentina. In particular, it seeks to characterise the financing mechanisms, their strengths and weaknesses, and the relationships with the redistributive capacity of the tax system.

In December 2024, a new governing party, La Libertad Avanza, assumed leadership of the Federal Republic of Argentina. It is described as libertarian and extreme right-wing. President Milei came to office with the promise of implementing austerity policies to ensure a rapid decline in the fiscal deficit. To this end, he leads a government of minimal state intervention, adjusting public spending, and guaranteeing the economy's functioning through the free market. To achieve this, he advocates for the privatisation of public services, tax reductions, and a state that focuses solely on guaranteeing private property and the country's internal and external security.

Given that measures to restructure the state and economy are in full implementation, this particular case study focuses on those policies that were in force until 10 December 2023, under the government of Alberto Fernández.

3.2 Characteristics of the tax system and its gender bias

Argentina is one of the countries with the highest tax collection capacity in Latin America and the Caribbean (LAC). As a federal country, most of the tax collection is carried out by the national government (Table 1). Part of the federal government's tax collection is then distributed among the provinces. According to the OECD (2023) in 2021, the country's total tax revenues represented 29.1% of its GDP, which is significantly higher than the average 21.7% collected by the region as a whole, due to the great inequality between and within countries in LAC. For example, Mexico has a tax burden below average, collecting only 16.7% of its GDP, while Brazil is the country that collects the most significant amount of taxes, reaching 33.5% of its GDP. These differences make it difficult for governments to form a common stance on tax policy and to work together to prevent a "race to the bottom" driven by aggressive tax strategies aimed at attracting capital to the region.

Argentina's high tax collection capacity, similar to that of high-income countries grouped in the OECD, does not escape a widespread problem in the region: its federal and provincial tax structures are regressive, as indirect taxes account for the majority of revenue (Table 1).

Table 1: Argentina's tax structure in 2021 as a percentage of GDP

Total Revenue	29.1%
Federal Government Tax Collection	24.0%
Indirect Tax	10.1%
Value-added tax (VAT)	7.0%
Other goods and services tax (1)	3.1%
Direct Tax	5.7%
Personal income tax (PIT)	2.2%
Corporate income tax (CIT)	2.5%
Tax on personal assets (wealth tax)	0.6%
Others (2)	0.5%
Social Security Tax	5.2%
Foreign Trade Tax (customs duties, export duties and taxes on foreign exchange transactions)	3.0%
Others (4)	0.1%
Net Provincial Tax Collection	5.1%
Indirect Tax (Goods and services tax)	3.8%
Direct Tax (Property Tax)	1.1%
Others	0.2%

Source: Author's calculations based on INDEC.

References:

1. Includes tax on bank account debits and credits, excise taxes on tobacco, alcohol, vehicles, and electricity, among others.
2. Includes prizes, games of chance, and sports contests, other taxes on income, profits, and capital gains of individuals, taxes on assets of companies, partnerships, or enterprises, minimum presumed income, taxes on company properties, partnerships, or enterprises, and taxes on real estate transfers.
3. Includes taxes not classified elsewhere, tax adjustments not assigned to taxes, and the tax component of the monotributo.

3.2.1 Indirect tax

At the national level, indirect tax represents over 40% of the collection, and within it, VAT is the highest-collecting tax, supporting 7 points of GDP. People with lower incomes tend to consume most of what they earn, and therefore bear the brunt of consumption taxes. These taxes have a high cost in terms of equity and are especially burdensome for women, who are overrepresented among those who have the least. In Argentina, poverty is more prevalent among women, and there is a masculinisation of wealth: more than 6 out of every 10 people in the lowest income stratum are women, and this proportion is reversed in the highest income decile, where women represent only 35% of the wealthiest people.

Rossignolo (2018) analysed the incidence of indirect taxation using per capita income as a measure of contributive capacity. He found that indirect taxes account for 14.8% of individuals' income. This burden is driven primarily by VAT, which alone averages 8.7%. It is followed by provincial indirect taxes at 4.5%, while excise and fuel taxes each represent roughly 1.2% of per-capita income. Disaggregating the results by income quintile reveals that indirect taxation is highly regressive, with the tax burden amounting to 22.4% in the first quintile and decreasing to 8.6% in the top quintile. The poorest households bear a burden of 13.4% in the case of VAT and 1.5% in the case of excise taxes, while higher-income households have lower burdens of 4.9% and 0.3%, respectively. The fuel tax, though not progressive, is distributed proportionally in all quintiles, representing 0.6% of income in both the first and fifth quintiles. Finally, the analysis by household type indicated that the highest burden corresponds to households with a female breadwinner (16.2%).

There are also studies related to the differential weight of taxation on costs associated with reproductive health, specifically menstrual management products (MMPs). According to the Observatory on Taxation and Gender (2021), at the general level, the annual consumption of a basket of MMPs is equivalent to over a tenth of a woman's average monthly income. However, when looking at the lowest income decile, menstruating women in the poorest sectors must dedicate almost a whole month's income (90%) to menstrual management. An analysis of the VAT applied to MMPs reveals that this seemingly neutral tax rule indirectly discriminates on the basis of gender, as it effectively imposes a tax on a biological process that individuals cannot avoid, and that, according to the Observatory's data, can represent 15% of an average monthly income in the poorest decile. However, in contexts with large informal sectors such as Argentina, the impact of VAT reductions on low-income groups can be limited, since many purchases take place outside formal markets where tax cuts are effectively transferred to consumers.

There is consensus that to make indirect taxation more progressive, it is necessary to move towards VAT refund systems for the lowest income strata. In 2023, progress was made in this regard with the introduction of the "Buy without VAT" program. Based on the broad coverage of safety net conditional income transfer

programs available in the country, Alberto Fernández's former administration expanded a policy of refunding a share of VAT to beneficiaries of social security plans and informal workers with the lowest incomes, where women are overrepresented. However, Milei's current government has discontinued the policy, deepening the regressivity of the tax system.

3.2.2 Direct tax

Direct taxation brings greater equity to the system by taxing more immediate manifestations of an individual's contributive capacity, such as profits, income, property, and wealth. In Argentina, federal direct taxes account for only 5.7% of GDP. More than 80% of the revenue comprises income and profits taxation: Corporate Income Tax (CIT) and Personal Income Tax (PIT) account for 4.7% of the revenue. The federal wealth tax, also dubbed the Tax on Personal Assets, accounts for just 10% of total direct federal revenue, generating only 0.6% of GDP. Even when including federal and provincial wealth and property taxes, this type of direct revenue accounts for only 1.7% of GDP, and represents 5.8% of the country's total revenue. In unequal countries such as Argentina, where the wealthiest individuals are overrepresented among the PIT and the Tax on Personal Assets taxpayers, the direct tax burden should be greater.

In 2020, an effort was made to reinforce the contribution of the super-rich through the *Solidarity and Extraordinary Contribution to Help Mitigate the Effects of the Pandemic* (ASEP) tax. This one-time collection reached 11,003 taxpayers with the country's largest fortunes. According to a report of the Federal Administration of Public Revenues (AFIP), only a little more than 2 out of 10 taxpayers were women, and they contributed almost 23% of the amount collected, evidencing the over-representation of men among



the super-rich. The tax managed to collect 0.5% of GDP. It was destined, among other things, to purposes that favour gender equality such as: i) the provision of medical supplies for health care, a highly feminised activity; ii) the support of employment in small businesses where women usually find more jobs; and iii) the Socio Urban Integration Fund (FISU) focused on improving the health and housing conditions of inhabitants of the lowest income neighbourhoods where monomarental households are, once again, the majority. The only problem with ASEP is that it was a one-time contribution and not a permanent tax.

4. Inefficiency here refers not to the absence of taxation of non-labour personal income, but to the design of the collection mechanism. Whereas labour income is subject to withholding at source by employers acting as tax agents, non-labour income relies primarily on self-reporting, which significantly increases opportunities for evasion. Lower contributions stem both from the reliance on voluntary compliance and from the fact that they are often subject to lower effective rates than wages. Consequently, when examining the structure of personal income tax revenues, revenues derived from labour income accounts for by far the largest share.
5. Argentina does apply specific taxes to financial operations and real estate rents (AFIP 2024a; AFIP 2024b). However, these regimes are partial, fragmented and subject to exemptions, which considerably limit their redistributive impact and do not eliminate the gender bias in the effective tax burden.

Even though PIT is one of the most progressive taxes, it is resisted by the country's union movement because it is heavily dependent on taxing labour income and, over time, has become a "flat tax" due to lack of progressivity in income scales and rates charged. It has undergone several modifications over the years, some of which have made it more gender-equal (Larios and Méndez Santolaria 2024); however, certain **gender biases persist**. The first one, in line with demands from the unions, is that PIT taxes very inefficiently⁴ non-labour personal income from activities such as financial gains, profits derived from business activities, land rent, and real estate⁵, all of which are activities to which men have greater access. More than half of the PIT revenue is attributed to labour income, and therein lies another manifestation of gender inequality: the gender wage gap. In Argentina, for every 100 pesos a man earns, a woman earns 75.

This inequality can be explained by multiple factors operating in the formal labour market. For instance, among registered employees, paid maternity leave (90 days) is much longer than paternity leave (the Labour Contract Law only grants two off-days to fathers when their children are born), which means that female employees are more likely than their male counterparts to interrupt their careers to take care of their newborns. In addition, the lack of paid leave to care for other people who may require it, such as older adults, the sick, or people with disabilities, results in women being more likely to interrupt their work to prioritise this care due to the unfair gender stereotypes that reign in society. Additionally, employers discriminate against women in hiring, on-the-job training, and promotions—driven not only by traditional patriarchal biases but also by the perverse incentives created by this inequitable care leave scheme.

On the other hand, gender-based job segmentation affects income, as women are overrepresented in traditionally feminised occupations—closely linked to care work, such as teaching and healthcare—where average salaries are generally lower than in historically male-dominated sectors like construction, transportation, industry, and mining.

3.2.3 Social Security Tax

In third place in revenues is the Social Security Tax (5.2%). It is paid only by registered workers and their employers to fund the contributory system. In Argentina, half of the employed population works informally, including non-registered salaried workers and low-income independent workers, according to the National Institute of Statistics and Census of the Argentine Republic (INDEC). This results in precarious access to contributory social security for one in every two workers and their families. The issue has gender dimensions, as informality is more common among women. Therefore, despite having worked, they have limited access to social security benefits such as retirement, paid care, and sick leave, as well as access to healthcare. In addition, women are overrepresented in the non-contributory social security system known as safety net programs, which, although widespread in the country, do not grant the same access to rights for their beneficiaries as the contributory system does.

3.2.4 Foreign Trade Tax

The Foreign Trade Tax is the fourth source of revenue for the federal government (3% of GDP). In addition to import tariffs and export duties this also includes the Tax for an Inclusive and Solidarity-based Argentina (PAIS)⁶ that levies the purchase of foreign currency for personal savings. Due to high inflation in the country, Argentines have turned to the acquisition of foreign currency for savings. This tax also applies to credit card payments for services provided by foreign companies, including digital platforms, courier services, and similar activities. Although there is no gender disaggregated data, since it is a tax on savings, it can be presumed that it functions as a gender equaliser, as women, on average, have less saving capacity than men. Moreover, this tax—representing 0.2% of GDP in 2021—was partially allocated to fund gender-equality initiatives such as the FISU and the

6. This is a tax established in Law No. 27541 Of Social Solidarity And Productive Reactivation In The Framework Of The Public Emergency, which taxes the purchase of foreign currency, the acquisition of goods and services in foreign currency, acquired abroad or within the country.

National Institute of Social Services for Retirees and Pensioners, better known as PAMI, which provides healthcare coverage to older adults.

3.2.5 Provincial revenues

Regarding provincial revenues, Table 1 reveals that provinces collect less than 20% of the country's revenue (5.1% of GDP), mainly based on taxes on goods and services. Although they are primarily responsible for collecting property taxes, collections are not significant.

In addition, the provinces charge royalties to the oil, gas, and mining extractive industries. The usual percentage of royalties charged to the hydrocarbon industry is 12% (and may not exceed 18%), and in mining, the maximum rate established is 3%. Royalty revenues in the provinces are not significant and in no case represent more than 20% of the total resources of the provinces where natural resources are exploited (Rodriguez 2017).

The low revenue-raising capacity of the provinces makes most of them highly dependent on transfers of funds from the Federal Government. These transfers are made through the Federal Tax Co-participation, an automatic and daily revenue-sharing regime, or through discretionary transfers based on political agreements between the Federal Government and provinces. Both mechanisms pose equality and equity challenges because they lack any solidarity or equalising criteria across territories. This is especially concerning given that provincial governments are primarily responsible for financing and delivering public education and health services—leading to highly unequal access and quality across different regions of Argentina.

3.2.6 Tax leaks

Grondona et al. (2016) point out that the decrease in the state's ability to collect taxes is not gender neutral since the loss of revenue is usually compensated by: i) taxing more heavily compliant taxpayers such as small and medium-sized enterprises (SMEs) or middle-income individuals (who usually make less use of sophisticated mechanisms to waive their tax responsibilities), and ii) by expanding indirect taxation. This has a particular impact

on women who are overrepresented in the lower-income strata and also tend to find more jobs in SMEs. The following sections review some of the mechanisms that undermine the state's revenue collection capacity.

3.2.6.1 Tax expenditures

According to the Congressional Budget Office (OPC 2020), in 2021, tax expenditures accounted for 2.36% of GDP. The majority (73.9%) corresponds to special treatments included in current tax legislation, and the remainder to various economic promotion regimes. Within the first group, special VAT treatments are the largest, accounting for 1.18% of GDP, and are primarily explained by reduced rates on essential food products and exemptions for healthcare providers. Although these exemptions may seem fair, they are not so from an equity perspective: studies show that when exemptions are granted to products rather than individuals, the redistributive potential is lost, as they ultimately benefit the highest income deciles who have high levels of consumption in absolute terms (Rodríguez Enríquez and Méndez Santolaria 2021).

On direct taxes, the OPC points out that the revenue not levied makes up 0.56% of GDP. The most significant tax expenditures are explained by PIT exemptions for judges and officials of the national and provincial judicial powers, as well as Federal Wealth Tax exemptions such as tax relief on rural real estate and deposits in bank accounts.

Tax benefits framed within economic promotion schemes are also problematic because, in addition to the fact that they tend to be perpetuated over time, they lack transparency and assessment mechanisms to evaluate the achievement of the objectives pursued (ACIJ 2023). In Latin America, in fact, evidence shows that these promotional regimes fail to achieve minimum standards such as creation of decent employment, and, based on this evidence, feminist views argue that it may be more effective to avoid tax benefits and, instead, use the resources collected from these sources for the public provision of social and care services (Rodríguez Enríquez and Méndez Santolaria 2021).

3.2.6.2 Tax payment omissions

The omission of tax payments, understood in a broad sense as tax avoidance, tax evasion, fraud, or arrears, is another factor that undermines the effectiveness of tax collection. In Argentina, little is known about the magnitude of direct and indirect tax omission due to the lack of public and systematic information produced by the Federal Administration of Public Revenues. With respect to VAT, ECLAC (2020) estimates an evasion rate of approximately 33.6% in 2017, equivalent to 3.7% of GDP, representing a significant loss for a tax that, on average, collects 7% of GDP.

With respect to direct taxation, Gomez et al. (2016), who compiled the results of the primary quantitative studies on evasion in the region's countries, point out that if Argentina did not suffer from tax evasion, it would be possible to collect double the amount of PIT and CIT. The degradation of income tax collection capacity is a problem deeply related to international taxation and financial deregulation. Tax competition between states (known as *the race to the bottom*), the proliferation of tax havens, and *creative accounting* enable multinational corporations and the wealthiest individuals to divert their profits to low-tax jurisdictions by utilising complex legal structures and financial engineering. Without being strictly illegal, these mechanisms allow the wealthiest individuals on the planet to be subject to taxation in a country with low tax rates, while eroding the tax base of the country where the profit was made. Cobham and Janský (2017) estimate that loss of tax revenue due to corporate profit shifting amounts to USD 21.4 billion per year in Argentina, equivalent to 4.42% of the country's GDP, placing it among the top 10 countries with the highest tax losses for this reason.

Regarding high-net-worth individual (HNWI) tax abuse, according to a recent investigation by the International Consortium of Investigative Journalists, known as the Pandora Papers, Argentina is the third country in the world with the highest number of final beneficiaries of offshore firms. Furthermore, according to information from the tax amnesty (Law 27.260 of 2016) implemented in Argentina before the start of the exchange of information for tax purposes under the Common Reporting Standard (CRS), assets disclosed by previously non-compliant

taxpayers amounted to slightly more than 20% of the country's GDP in 2016 (Grondona et al. 2024).

While holding an offshore account is not illegal in itself, evidence shows that when such accounts are not declared to the tax authorities, they are frequently associated with illicit financial flows and forms of tax evasion. In this respect, most illicit financial flows relate to corporate tax evasion and avoidance. In addition, the primary beneficiaries are large transnational corporations (Gaggero 2023), and HNWIs (Grondona et al. 2024), who have the means to afford aggressive tax planning and management. Financial and fiscal deregulation, along with capital account liberalisation, facilitates the free circulation of illicit financial flows originating from criminal activities.

3.2.6.3 Recurrent tax amnesties

While the world average is 9.8%, Argentina owns the equivalent of 36.5% of its GDP in offshore wealth, and has a long history of recurrent tax amnesties (Londoño-Velez and Tortarolo 2022). Every administration in the last 15 years has implemented a tax amnesty to try to expand its revenue and reintegrate this money into the country's economy, with modest success in the former and poor achievements in the latter. Even the IMF agrees that this kind of measure has substantial adverse effects on the incentives for taxpayers to comply in the first place: Le Borgne and Baer (2008) point out that successful tax amnesties are the exception rather than the rule. Improvements in tax administration are the key to addressing the underlying issues that amnesties aim to solve. These measures also carry gender biases. By weakening the revenue potential of the most progressive taxes, they mainly benefit non-compliant taxpayers—who are mostly men—while the recovered revenues are rarely directed toward care policies.

3.3 Structure of care systems and public financing

The social organisation of care in Argentina is characterised by a double injustice: on the one hand, due to the nature of the actors who provide it, and on the other, due to the sex-gender

distribution of these actors. First, care is primarily provided in households, where unpaid care work accounts for the majority of care. Additionally, the distribution of time allocated to these tasks is significantly unequal between men and women.

The National Time Use Survey (NTUS), conducted in 2021 by INDEC, measured the amount of time Argentinians spend on caregiving tasks. It was clear that women spend almost twice as much time as men on in-home care, regardless of whether or not they have a paid occupation. In general, the average total daily hours of work (both paid and unpaid) are longer for women (9 hours and 20 minutes) than for men (8 hours and 38 minutes). When women participate in a paid occupation, they spend an average of 7 hours and 34 minutes, less time than their male counterparts (9 hours and 6 minutes). In contrast, they spend almost twice as much time on unpaid activities (6 hours and 31 minutes per day for women and 3 hours and 40 minutes for men).

This time gap translates into more precarious labour trajectories and less access to goods and wealth. Labour statistics indicate that while only half of working-age women participate in the labour market, seven out of ten men do. Moreover, they are less likely to get a job (the gender gap in the employment rate is almost 20 percentage points), and the unemployment rate of women is systematically higher than that of men. In addition, the incidence of informality in women's work is higher, meaning that when they do secure a paid job, it is more likely to be in unregistered conditions. Thus, women earn on average between 20 and 30% less than men for their work, a gap that widens in informal jobs.

This unequal access to remuneration for their work results in over-representation of women in the lower income deciles and masculinisation of the wealthier strata. However, this unpaid contribution to the economy, which is predominantly made by women and puts them at a disadvantage in the labour market, is essential for the functioning of both the economy and society (Larios and Méndez Santolaria 2024).

Although the contribution of care to the economy is invisibilized in tax theory, it is possible to observe it. The former National Directorate of Economics, Equality and Gender (DEIyG 2023) conducted a study in which a market value was assigned to the



hours of unpaid work and care work captured in the NTUS 2021. The report warns that if the non-remunerated care sector were a paid job, it would represent 16.8% of GDP, making it the economic sector with the highest contribution to the entire economy, followed only by commerce and industry. The majority of this contribution, 70%, is made by women, while men only contribute 30% of unpaid care work. As mentioned above, many of these problems for the development of women's economic life are due to the concentration of unpaid care work in the home.

In this sense, it is necessary to observe how the state organises its interventions. Rodríguez Enríquez et al. (2019) organise these into three categories: i) those related to regulations and the framework of labour relations (work-related leaves, mainly, although also working conditions more generally); ii) those related to policies that provide care services; and iii) it is also possible to consider regulations or policies that tend to generate cultural transformations, which can induce changes in perceptions of gender roles around care.

According to several studies, the provision of care by the Argentine state is characterised as subsidiary, decentralised, and of deficient quality (Rodríguez Enríquez et al. 2019; Rodríguez Enríquez and Marzonetto 2016). The subsidiary condition refers to the fact that public provision is a complement to the arrangements that households can provide, which is why it occupies a marginal place, aimed at particular populations and with high levels of dependency. Public provision is decentralised as much of it falls on provincial and municipal states. In addition, it is characterised by being deficient in terms of quantity (low coverage) and quality (workers with low salaries and poor infrastructure).

According to the law, childcare services should be guaranteed from the age of three years, and initial level schooling is compulsory from the age of four. Public policies to address this are based on two strategies: on the one hand, formal public services (nurseries and kindergartens, mainly at the subnational level) and, on the other, assistance programs for socially vulnerable households, closely linked to social organisations.

Coverage of childcare services is practically universal (90%) for 5- and 4-year-olds, but decreases to 50% for 3-year-olds, and is

almost non-existent for 0- to 2-year-olds. This inequality can be attributed to the limited supply of care services from the state and the absence of mandatory coverage at younger ages.

With respect to the care of older adults, according to the National Survey on the Quality of Life of Older Adults (EnCaViAM), in 77% of the cases, the care of older adults falls on the family, 15% on paid workers, and 7% on people close to them, like friends and neighbours. From this, it can be seen that the state's participation in this sector of the population is marginal and largely complementary to the care provided at home. Regarding out-of-home care for older adults, state assistance is also deficient; however, it is worth mentioning that the geriatric hospitalisation offered by PAMI to individuals who due to health and economic circumstances require more intensive care occupies a significant space.

Regarding people with disabilities, the situation is different. Argentina has advanced regulations that promote basic levels of protection and welfare, contributing to rehabilitation, labour inclusion, and ensuring income levels that meet basic needs. However, there is very little support in terms of providing care services that offer caregivers degrees of freedom.

Thus, the gap in public provision is covered by the market for those who can afford it, which makes it highly segmented. In addition, domestic workers play a central role in providing care services, particularly migrant domestic workers. According to López Mourelo (2020), in Argentina, there are approximately 1.4 million domestic workers, representing 5.6% of the total employment, 17.4% of employed women, and 22% of salaried women. Of the total number of women employed in the sector, 9.1% are migrants, but these values are higher in the city of Buenos Aires. Female migrant workers are mainly from Peru, Paraguay, and Bolivia. They are breadwinners both in Argentina and for their families in their countries of origin (Sanchis and Rodríguez Enriquez 2011; Gontero and Velásquez Pinto 2023).

Finally, community care arrangements play a significant role; those carried out through social organisations and those spontaneously created in response to specific needs and crises. These arrangements are crucial for the reproduction of life in low-

income sectors. Still, they are carried out precariously in terms of infrastructure, working conditions, and incomes received by caregivers. Social policies also play a complementary role in this context, and illustrate how the state engages with local territories. These public policies depend heavily on the involvement of social organisations—and especially on women’s unpaid labour and time. Their work sustains these services, yet it is often compensated with very low wages and provided without proper labour rights (Campana and Lashayas 2022).

This combination of insufficient policies, along with segmented access to care from the market or the community, makes the current organisation of care a vector for reproducing inequality (Rodríguez Enríquez 2015).

3.4 Care policies for unpaid care work and its financing

Over the past 15 years, Argentina has undergone a steady process of expansion of social security coverage with the implementation of extended safety net programs (non-contributory and conditional cash transfers for child allowance, people with disabilities and older adults in lower income strata) and semi-contributory programs (such as moratoriums on pension payments), which has meant a massive entry of women into social security. Even when these public policies were not explicitly designed from a care perspective and face gender equality challenges and limitations (Rodríguez Enríquez 2011), they guarantee an income for the care of the most dependent populations and facilitate access for those who have more unstable employment trajectories, benefiting particularly women due to their greater participation in unpaid care work.

During the administration of Alberto Fernández, some improvements in the design and narrative of these policies were achieved thanks to the hierarchisation of the Mechanism for the Advancement of Women, which went from being a decentralised entity of the national administration (National Women’s Institute) to a government ministry (Ministry of Women, Gender and Diversity) and the greater participation of feminists in government

positions. One notable social security measure introduced by this administration is the recognition of contributed years in the social security system (even when not actually paid) when a child is born or adopted. The initiative makes visible and addresses a historical and structural inequality in the distribution of care work, recognising and valuing the time that women dedicate to raising their children and are often absent from the labour market.

Although the mentioned policies represent advances in terms of remuneration and recognition of care work, there is still a long way to go in terms of social security to catalyse gender equality. To make matters worse, these advances are in jeopardy under the current government administration. President Milei, who identifies feminism as his political enemy, dissolved the Ministry of Women, and implemented numerous other measures that undermine the advancement of gender equality.

Finally, outside the social security system, one policy stands out for its impact on reducing care work: the Socio-Urban Integration Fund (FISU). It focuses on improving health and housing conditions in the lowest-income neighbourhoods. By doing so, it helps alleviate the unpaid care work—mostly carried out by poor women—needed to ensure basic subsistence.

The following sections describe these policies and their financing mechanisms, with a special focus on their relationship with the tax system.

3.4.1 Care work recognition and remuneration policies in the social security system

The social security system in Argentina has moved from a purely contributory scheme to a hybrid system with a strong role for non-contributory components, both in terms of expenditure and financing. As shown in Table 2, the system is highly dependent on earmarked allocations from other taxes and general revenue transfers from the federal government. Slightly more than 41% of expenses were covered by social security taxes, while other types of revenue covered the remaining 59%. The earmarked taxes for social security are mostly indirect. According to MTEySS (2022), in 2021, the primary revenue source was the tax on bank debits and credits, which is fully integrated for this purpose and contributes

1.6% of GDP in funding. The VAT follows, as 10% of its collection is allocated to the national social security system, providing 0.7% of GDP to its financing. In third place, 21% of the tax on fuel collection is allocated to this purpose, providing 0.2% of GDP to the social security system. Also significant was the contribution of a tax related to foreign trade, the PAIS tax, which allocated 42% of its collection to social security, making it the fourth most important source of resources, and contributing less than 0.1% of GDP to this purpose.

Most funding is derived from federal tax revenues, and there is little shared effort with the provinces to finance social security. Furthermore, an essential part of the resources, which corresponds to general revenues, depends to a large extent on the political will of the federal administration.

Table 2: Social security system financing by tax type, 2021 (% of GDP)

Total Funds	Social Security Tax	Other Revenue for Social Security		
		Total	Earmarked Taxes	General Revenues
10%	4.1%	5.9%	2.7%	3.2%

Source: MTEySS (2022)

Note: Includes tax on bank account debits and credits, VAT, fuel tax, PAIS tax, among others.

3.4.2 Financing semi-contributory systems

Since 2017, within the contributory system—which accounts for 80% of the Social Security System (Table 3)—social security taxes have been insufficient to cover expenditures due to a weak labour market and reduced employer contribution rates (Folgar 2022). Extensive evidence shows that these social security tax reduction policies fail to guarantee job creation (Cruces et al. 2010). They also undermine the system’s sustainability, as their pro-cyclical application during economic recessions worsens the funding shortfalls already caused by formal employment crises.

The contributory system has three components: the general regime, the special privileged regimes, and the semi-contributory

7. <https://www.anses.gob.ar/jubilaciones-y-pensiones/regimenes-jubilatorios/moratorias-previsionales>

regime. The semi-contributory regime is accessed through the Moratorium on pension payments established by Law 24.476⁷. This payment plan enables workers whose work trajectories do not meet the formal requirements for retirement to make up for the missing years of contributions. Given the employment conditions of women in the Argentine labour market, they have been the primary beneficiaries of this regulatory framework, accounting for 75% of its recipients. Although it could be argued that semi-contributory schemes put some pressure on the sustainability of the system by having more flexible entry requirements, they operate as a mechanism for gender equality. And even when the contributions made through the moratorium were deficient in terms of the benefit accessed, this type of scheme promotes virtuous cross-subsidies, from workers with more stable formal careers to those who worked in more precarious conditions.

According to Folgar (2022), people who retired under this regime (45% of beneficiaries of the contributory system) appropriate only 26% of total pension spending in Argentina, given the low level of such benefits. In contrast, the general regime, which men dominate, covers 37.2% of social security beneficiaries, accounting for 36.9% of the expenditure. The author also highlights concerning issues of vicious cross-subsidisation in the specially privileged regimes, which are underfunded in terms of contributions yet disproportionately receive a larger share of social security disbursements. Two outstanding cases are the pension systems of the judiciary and the foreign service, the latter being strongly masculinised.

Table 3: Social security system structure in 2021 as a percentage of total expenditure

Expenditure		Structure
Total Expenditure		100%
Contributory and semi contributory system		80%
Non-contributory system:		18%
Analyzed Safety Nets Programs	Child Care Allowances (AUH + AUE)	7%
	Disability Pensions (PNCD)	6%
	Universal Pension for Older Adults (PUAM)	1%
Other non-contributory programs		4%
Other expenses (Administrative)		2%

Source: Author's calculations based on MTEySS (2022)

The non-contributory system accounts for 18% of social security expenditures (Table 3). The safety net programs targeting children (AUH+AUE) account for most of that expenditure, which, in terms of GDP, reaches 0.7%. Second in importance are the programs aimed at people with disabilities (PNCD), which represent 0.55% of GDP. In third place are conditional income transfers for people over 65 years old (PUAM), which represent 0.11% of GDP, a figure that is not very significant due to the moratorium on pension payments. Once the moratorium is discontinued, as announced by Milei's administration, the number of PUAM beneficiaries and the expenditure allocated to this safety net program are expected to increase, albeit with some disadvantages for women.

Safety net programs rely, to varying degrees, on general revenue transfers from the federal government—a situation that becomes especially precarious during periods of severe fiscal austerity, such as the one currently facing Argentina.

3.4.3 Financing safety net programs for children

Since 2009, Universal Child Allowance (AUH), as stipulated in Law No. 24,714, has provided coverage for the children of unemployed and informal workers with incomes below the minimum wage. The program incorporates conditionalities in children's health

controls and school attendance. Two years later, the Universal Pregnancy Allowance (AUE) was launched, targeted at pregnant women (unemployed or informally hired with incomes below minimum wage) from week 12 until their pregnancy termination or the birth of the child. Adherence to pregnancy medical check-ups is a condition for participation.

According to ANSES (2021), in 2021, the AUH covered more than 4.4 million children and adolescents, and 6 out of every 10 of them were concentrated in the two lowest income deciles. In their households, the allowance represents more than 10% of their total family income and 45% of their food expenditure. The AUH reduced poverty among children by 2.6 percentage points and played a major role in containing extreme poverty. In the third quarter of 2020, among the AUH recipients, 29% of children were living below the extreme poverty line, and without this income that percentage could have risen to 46%. Despite being a fundamental policy for containing extreme poverty, it does not cover the basic needs of children, nor does it recognise or compensate for the unpaid work time required for their care.

Women in the lowest-income households dedicate the most time to unpaid care, approximately eight hours, almost a full working day, compared to three hours of unpaid care work dedicated by women in the wealthiest households in the country (Rodriguez Enriquez 2014). It is not only necessary to increase the benefits provided by the program in order to preserve its social protection capacity, but it is also essential to advance reforms in its design that challenge traditional gender roles and prevent the perpetuation of gender inequalities faced by poor mothers.

Regarding financing, almost all spending on these programs (97%) was covered by social security's own resources—mainly social security contributions and earmarked taxes—making them less dependent on general revenues. The law explicitly establishes the funding sources for AUH and AUE safety net programs (as well as PNCD financing): social security contributions and earmarked taxes, proceeds from the Wealth Tax, returns on social security investments, and any additional resources allocated annually by the National Congress through the budget (Article 18 of Law 24,241). This specific allocation of resources, legally enforced, strengthens financing by providing predictability. However,

it does not guarantee that these funds—also directed to other policies within the social security system—are sufficient to cover the expenditure requirements of safety net programs.

As noted above, over the past five years, social security contributions (highly dependent on the economic cycle) have not been sufficient to cover contributory pensions. Although indirect taxes (also sensitive to economic fluctuations) were earmarked for social security, they too proved insufficient. The system therefore relied on transfers from the Treasury's general revenues to close the gap. Safety net programs are essential and typically expand during economic crises. Yet their financing remains highly exposed to revenue sources that are particularly vulnerable to contraction during recessions. To improve their resilience and adequacy, these policies require counter-cyclical tax resources and more robust financing mechanisms.

One positive aspect is that Law 24,241 earmarks Federal Wealth Tax revenues for Safety Net Programs. However, in practice, this has proven to be a weak source of public income. The Wealth Tax accounts for less than 1% of federal revenues (Table 1), and in recent years its collection capacity has been further undermined by measures such as tax rate reductions and recurring tax amnesties. The AUH also has financing from the World Bank (WB), which, between 2016 and 2020 approved credit lines totalling USD 1.3 billion, which was expected to be fully disbursed by the end of 2022 (according to *Report No. PAD3717* of the World Bank). Among other things, these loans were intended to expand the program's coverage, which was particularly crucial during the pandemic. As a result, the program reached 1.2 million new beneficiaries following the relaxation of its education and health requirements. Although the World Bank's credit terms offer long repayment periods and interest rates lower than those available in the market, it is worth questioning whether this type of international support for preventing extreme child poverty should take the form of a loan—generating profit from such assistance—rather than being provided as direct aid.

3.4.4 “Buy without VAT” for AUH beneficiaries: A policy of personalisation of indirect taxes

At the end of 2023, the administration of Alberto Fernández briefly implemented the “Buy without VAT” program, which refunded the 21% VAT on Basic Food Basket products to, among others, beneficiaries of AUH, retirees receiving the minimum pension, and domestic workers (groups in which women are overrepresented). This type of tax policy enhances progressivity in the system by granting tax refunds based on both the type of recipient and the type of product, leveraging the broad social safety net to effectively target the lowest-income population. As such, it constitutes an example of tax expenditure that can be correctly targeted, benefiting large segments of low-income households, and providing a strong stimulus to consumption with positive spillover effects on the economy. While the program was not without its shortcomings, its discontinuation under the Milei administration represents a clear step backward in terms of equity.

3.4.5 Financing safety net programs aimed at people with disabilities

Non-contributory disability pensions (PNCD) were created by Law 13,478 in 1948, but it was not until 1997 that the program began operating, when the access requirements were formally regulated under very restrictive labour and family-oriented criteria. These included: certification of 76% or greater incapacity for work; having no assets, income, or resources to subsist (including those of the spouse, obligated relatives, and/or family group); and not receiving any other welfare or non-contributory benefits (including those of the spouse). For migrants, a minimum of 20 years of continuous residence in the country was also required.

From 1997 to 2003, due to budgetary constraints, a “one-in, one-out” policy was applied: in practice, a new beneficiary could only enter the system upon the death of a covered person. According to Cetrángolo and Grushka (2020), the number of PNCD beneficiaries increased significantly after 2004 (when there were 113,651 beneficiaries), following the “unfreezing” of this quota and a series of measures that facilitated access. By 2021, the number of beneficiaries had grown almost tenfold, accompanied by a

substantial increase in budgetary allocations for this policy. The PNCD had 1,098,965 beneficiaries, of whom 50.2% were women, and 64.5% were aged between 25 and 59 years (SIEMPRO 2021).

Cetrángolo and Grushka (2020) attribute the increase in the number of beneficiaries to high structural informality rates and the absence of unemployment insurance for informal workers. It can also be seen as a response to the lack of income-protection mechanisms for informal workers in cases of illness or disability, similar to those available in formal employment. For example, formal workers are entitled to paid sick leave for non-work-related illnesses or temporary disabilities, coverage by Labour Risk Insurance Companies for work-related illnesses or injuries, and disability retirement pensions or insurance for individuals under 65 with a medically certified long-term mental or physical disability exceeding 66%.

Over time, PNCD in line with international recommendations coverage has progressively moved beyond the idea that access to benefits should depend on employability, recognising the precariousness of formal employment for people with disabilities. Access to jobs, although possible and often desirable, can be presumed to be unstable and precarious due to the intense discrimination faced by people with disabilities in the labour market. Over the last 20 years, socioeconomic and environmental criteria have acquired greater weight in relation to medical variables. It also allowed coverage for children under 18 years with family incomes below minimum pensions.

Under the Fernández administration, several reforms improved accessibility and flexibility: suspending benefits while beneficiaries held formal jobs, making PNCD compatible with social programs and unemployment subsidies, relaxing disability certification thresholds, and reducing residency requirements for migrants. However, these advances are being rapidly reversed under the Milei administration.

The benefit amount is equivalent to 70% of the minimum retirement pension, which provides a minimum income floor but is insufficient to cover the basic needs of people with disabilities. Payments should be increased, not only to account for the personal needs of beneficiaries, but also to recognise the unpaid labour that

others—primarily women—provide to care for and support them, ensuring a dignified and autonomous life for this population.

For the PNCD, the Social Security System provides the funding, which is then transferred to the National Agency for Disability (ANDIS), responsible for implementing the program. As noted in the previous section, funding for this policy is established by Article 18 of Law 24,241, with the strength of earmarked resources, but the limitation that these funds may be insufficient to meet expenditure needs. In 2021, 7% of financing came from general revenues, while the majority was drawn from the social security system's own resources.

3.4.6 Financing universal pension for older adults

Universal Pension for Older Adults (PUAM), established in 2016 by Law 27,260, is a monetary benefit designed to ensure pension coverage for individuals aged 65 and above who do not have a retirement or pension plan. In 2021, it had a limited number of beneficiaries (230,694 holders). It is equivalent to 80% of the minimum retirement pension and also guarantees and finances the incorporation of each beneficiary into PAMI for healthcare coverage. It is also compatible with salaried employment, providing access to family allowances.

This non-contributory policy has the noble intention of universalising access to income, health coverage, and allowances for people who have reached retirement age but do not meet the requirements to access the contributory scheme (primarily women). Nevertheless, its design presents a series of gender biases, and its eventual expansion would leave women in worse conditions for retirement than those they used to have through the semi-contributive system (moratorium on pension payments).

At least two gender biases can be readily identified in PUAM. First, it effectively raises the retirement age for most women. Under the law, the minimum retirement ages are 60 for women and 65 for men. PUAM, however, uses only the male retirement age as the access criterion, leaving women aged 60 to 64 who have not completed sufficient contributions without a pension. Recent estimates indicate that 94% of women in this age group do not meet the 29-year contribution requirement for a contributory pension.

As a result, approximately 250,000 women approaching retirement would lose their income once the moratorium is discontinued and replaced by PUAM.

The second gender bias stems from the program's incompatibility with survivor benefits for spouses, minors, or disabled children of any age—a right guaranteed under the contributory and semi-contributory system. This limitation disproportionately affects women in heterosexual unions, as demographic trends show that women tend to live longer than men. According to Roffman (2022), thanks to increased access to their own pensions through the semi-contributory system, 77% of women with a retirement pension also receive the survivor pension after their spouse's death, compared to 55% of men.

Because women's pensions are generally lower than men's—they are overrepresented among minimum pension beneficiaries—the PUAM's incompatibility with survivor benefits would particularly undermine their ability to maintain basic living standards. It also de-protects children and disabled siblings who become orphans after a pensioner's death (typically the father, due to women's reproductive age dynamics). This discrimination, combined with the high informality of Argentina's labour market—where both women and many men struggle to access the contributory system—represents a serious flaw in the design of PUAM, threatening the rights and economic security of women and their dependents.

A final challenge presented by the policy, shared by the rest of the non-contributory programs, is that the amount of the benefit is insufficient to guarantee a decent life for their beneficiaries. In addition, it perpetuates the inequalities entrenched in Argentina's fragmented labour market by providing a smaller income than the minimum retirement pension fixed for the contributory system.

Although framed within the social security system, PUAM and the costs of incorporating its beneficiaries into PAMI are financed entirely through general revenues from the National Treasury, as established in Articles 17 and 19 of Law 24,241. While these revenues come from taxes, there is no direct link between specific taxes and expenditures, leaving the program vulnerable to volatility in the face of changing government priorities. A

substantial portion of this policy's expenditure is allocated to financing PAMI health coverage for its beneficiaries. Established in 1971, PAMI provides health insurance and support to older adults, allowing Argentina to achieve a high level of medical coverage for this population—exceeding 90% in most provinces—a unique accomplishment in the region. As a key policy, its financing scheme will be briefly outlined in the following section.

3.4.6.1 PAMI funding: a key care policy for older adults

PAMI serves over 6 million beneficiaries and has extensive territorial coverage, with more than 600 agencies and 38 Local Management Units, a professional network of over 8000 general practitioners, 17,000 providers, and more than 14,000 affiliated pharmacies where medicines are delivered free of charge. Beyond serving pensioners from the contributory system, its beneficiary base has expanded, thanks to increased retirement coverage through semi-contributory schemes and PUAM.

While the concentration of older adults in PAMI poses financial challenges—the older the members the higher their medical costs—it also gives the state significant monopsonistic power to negotiate medicine prices with pharmaceutical companies, enabling more cost-effective purchases.

However, the reimbursement scheme under which PAMI operates limits the effective delivery of medical benefits, particularly in times of persistently high inflation. Long reimbursement delays place significant financial pressure on small pharmacies and private medical practitioners providing services to PAMI affiliates, especially the smaller ones.

According to Cetrángolo and Goldschmit (2018), PAMI's total budget represents just over 1% of GDP. It is financed through a 3% social security tax paid by workers, a 2% social security tax paid by employers, and retirement pension taxes ranging from 3% to 6% depending on income. The employer contribution has varied over time due to special deductions, and a substantial portion of expenditures is financed through general federal revenues.

This strong dependence on general revenue funding makes the provision of medical services highly vulnerable to fiscal

adjustments and austerity measures, which can significantly reduce access to free medicines. Moreover, social security resources earmarked for PAMI depend on the labour market, which typically deteriorates during crises, exacerbating the problem. To ensure stable financing and improve service quality, it is necessary to increase employers' contributions to older adults' medical coverage and provide PAMI with earmarked tax resources that are resilient to economic downturns, reducing reimbursement delays for medical providers, particularly smaller ones.

3.5 Financing policies for care infrastructure

Regarding programs classified as care-related infrastructure, the financing of a series of policies promoted by the Secretariat of Socio-Urban Integration (SISU) within the Ministry of Social Development were reviewed. These programs, implemented since 2018 following the enactment of Law No. 27,453, aim to address housing issues, infrastructure, and urban public services in popular neighbourhoods. Although they were not explicitly designed from a care perspective, they contribute to improving the conditions under which households and communities provide care. This effect becomes evident when contrasted with theoretical frameworks highlighting the benefits of investing in care infrastructure, as well as with impact evaluations conducted by various agencies on SISU's implemented policies.

In this regard, the analysis included a series of programs that, following Mazzola et al. (2023), have demonstrated the positive impact of infrastructure improvements on health, as well as on individuals' ability to participate in community, economic, and political activities. In other words, better material conditions for providing care translate into less time and effort dedicated to care work.

The SISU programs relevant to this study, funded through the Socio-Urban Integration Fund (FISU), comprise:

1. Early Works Project (POT): development of works that respond to a social, productive, and urban model desired in the community and comply with improving the living conditions of its inhabitants (construction of shared spaces,

- sports fields, connection to services, improvement of public spaces – sidewalks, trees, etc.).
2. General Executive Project (PEG): development of works for the socio-urban integration of popular neighbourhoods.
 3. Improvement of public spaces in popular neighbourhoods: improvement of squares, streets, etc.
 4. Housing for relocation: construction and improvement of housing in cases where integration projects require the relocation of households to new housing.
 5. Special Projects Serviced Lots Program (Lote.ar): financing of works to provinces, municipalities, and social organisations for the creation of serviced lots on land they own.

The fund, implemented in December 2019 through Decree 819, draws on several sources, including:

- i) general revenues from the National Treasury allocated by the Budget Law;
- ii) contributions from international agencies or NGOs;
- iii) donations; and
- iv) 9% of PAIS tax proceeds.

Later, with Law 27,605, 15% of ASEP proceeds were also directed to FISU. Notably, this one-time contribution, which targeted individuals with assets exceeding USD 2.4 million as of 18 December 2020, affected over 10,000 taxpayers—only 26% of whom were women—highlighting that the measure involved redistribution not only in terms of income, but also along gender lines (Ministry of Economy 2022).

Several studies, organisations and specialists in urbanisation highlight and agree on the positive impact of the programs (Bonfiglio 2023; CIPPEC 2023), both in terms of families reached and concrete improvements in the quality of life of families (safe access to public services, improved housing and access to land and housing), as well as the strategy of accountability and transparency (it is possible to follow up on the portal Monitor de obras de Integración Socio Urbana). In addition, the trust fund is particularly highlighted as a novel financing mechanism that enhances resource availability and facilitates project implementation with agility (CIPPEC 2023).

Regarding the dimension of the FISU, in the SISU programs, the CIPPEC study (2023) points out that this was the primary source of funding with an amount that reaches 323 billion pesos, and accounts for 97.6% of the total financing of the secretariat between June 2020 and June 2023 (period of analysis of the study).

According to Marcovecchio and Monticelli (2024), as of December 2023, FISU had received funding from three sources (Table 4).

Table 4: Composition of FISU by source between 2021 and 2023

Line	2021 - 2023 in millions of pesos	Percentage of Total
ASEP tax	38.896	15%
PAIS tax	181.424	72%
Government Transfers (General revenues)	31.153	12%
Total	251.473	100%

Source: Own elaboration based on Marcovecchio and Monticelli (2024)

FISU was largely funded through progressive taxes on higher-income sectors. It financed improvements in low-income neighbourhoods, directly benefiting households in the lowest-income decile. This approach exemplifies income redistribution, as taxes on wealthier groups improve living conditions for impoverished populations, particularly women and girls.

Critical reviews of FISU funding highlight the need to bolster the fund with additional resources, which are currently insufficient to address the problem at the national level. However, despite different organisations reporting the positive impact of the program on habitat conditions, since Javier Milei’s government took office, FISU has been underfinanced, specifically, as of Decree 193/2024 of February 2024, the percentage of PAÍS tax collection allocated to the fund was reduced to 1%, as were allocations from the Treasury.

3.6 Paid care work and public care financing in Argentina

Feminist economic literature supports the argument that three major sectors of the economy are fundamental to the provision of care in society: domestic work, educational services, and long-term care provided by the healthcare system. In this type of paid work, traditional gender stereotypes that unfairly assign specific tasks to people according to their gender also operate. Women are the majority among workers in this sector: in education, 70.4% of the workforce is female, in health, 72.1% and in domestic services, 98% (DEIyG 2023).

These activities, often low-paid and with poorer working conditions than jobs typically held by men—such as in manufacturing, transportation, or construction—are essential for sustaining society. Those who perform them make a vital contribution to the reproduction of life. Although in Argentina these services are not articulated around the logic of care, they make it possible to alleviate and redistribute the unpaid care work performed within households, especially for young children, people living with disabilities, and older adults.

The following sections describe the public financing of two sectors with distinct characteristics in Argentina: highly marketized, such as domestic work, and primarily publicly provided, such as education.

3.6.1 Domestic work and public financing

There is no public provision for domestic work in Argentina; instead, various mechanisms exist through which the state indirectly finances the activity, carried out by private parties. Domestic work is the activity that offers the most jobs to women, especially those with a low level of education; however, it is also the economic activity with the highest rate of informality in the country. To counteract this, the government implemented a series of policies aimed at employers and employees. The first is a special labour statute for domestic work, featuring a simplified registration system and a lower social security contribution tax for employers. Additionally, high-income workers who employ a registered domestic worker can deduct a portion of the labour

cost from their PIT. According to the International Labour Organization (ILO), this measure proved especially favourable for the formalisation of domestic workers, particularly those who work for long hours. However, it may be less beneficial in cases where they are employed part-time. This latter case is typical of middle-income households not covered by the tax, and it is recommended that the policy continue to be deepened and that appropriate incentives for formalisation for this income segment be designed (Pereyra 2017).

During the pandemic, a program dubbed Registered was implemented to encourage registration and sustain domestic employment in middle-income households not subject to the PIT. The program paid half of the domestic worker's salary for six months, provided the registered contract had a duration of at least one year. It generated incentives for employers to register their workers, as well as provide access to bank accounts and benefits for them. Over the past year, 27,688 domestic workers were registered in the program, and in 8 out of 10 cases, the employment relationship continued after the term established by the regulations as mandatory. It also facilitated the financial inclusion of domestic workers (MMGyD 2022).

Despite efforts and incentives for registration, this remains one of the economic activities with the highest levels of labour informality and the lowest salaries, sometimes even below the minimum wage stipulated by law. For this reason, even when they have a registered salaried job, domestic workers can also access social security safety net programs such as the aforementioned AUH, AUE, and PNCD, to supplement their income and ensure subsistence for themselves and their families. Domestic workers receive pension contributions and are entitled to retirement benefits once they have completed the minimum number of years of contributions and have reached the required age. Registered domestic work is compatible with contributory pensions (except in the case of disability pensions) and with PUAM, the non-contributory retirement pension.

3.6.2 Financing care services in public education systems

Public education in Argentina is free of charge from kindergarten to higher education. For care, we focus on the initial and primary

level. The provision of mandatory education for children (from the age of four) is universal up to the primary level and mostly state-run. Both initial and primary education are decentralised, meaning that the provinces are responsible for guaranteeing education rights, setting educational policies and standards, and providing and financing education services within their territories. In 2014, kindergarten was made mandatory for 4- and 5-year-olds, and the provinces committed to universalising access for 3-year-olds. Education at this stage is usually offered through nurseries, which provide care for children from 45 days up to 2 years old, and kindergartens, which serve children aged 3 to 5.

In Argentina, early childhood care tends to be family-centred, driven partly by personal preferences and partly by the lack of available services, which limits the possibility of outsourcing care and hinders recognition of care as a right (Lopez Mourlero and Yance 2023). Nevertheless, three out of four people report that they would use public care services if available (Brosio et al. 2022). These figures highlight gaps in coverage and quality for non-mandatory public childcare services (ages 0-3) and the resulting socioeconomic inequalities: while more than half of the wealthiest households outsource care for children under 4 (66%), only 29% of the most vulnerable families do so (Lopez Mourlero and Yance 2023). In the absence of sufficient public provision, other care options exist in Argentina, including informal care and education spaces, as well as Child Development Centres (CDIs) (Cardini et al. 2021).

The non-official care and education spaces, which exist outside the educational system comprise community kindergartens or private kindergartens managed as commercial premises. In some cases, when these establishments operate as commercial premises, the municipality is responsible for issuing licenses. In other cases, no state regulation applies.

Child Development Centres are public or community-based, and their operation is regulated by the Ministry of Social Development (MDS). Although they provide nurturing and care services, they do not adhere to the same pedagogical standards as those of ministries of education. They are typically focused on meeting the needs of populations with some level of social vulnerability. The national government finances the construction of the centre's

infrastructure while provinces finance the running costs. In many cases, however, the MDS also contributes part of the funds needed for personnel and maintenance of the centres.

One of the main challenges facing early childhood programs is ensuring that the available services are both sufficient and of high quality. Although progress has been made, there is still a long way to go in articulating the early childhood level, reducing territorial coverage gaps, and harmonising quality among different types of facilities.

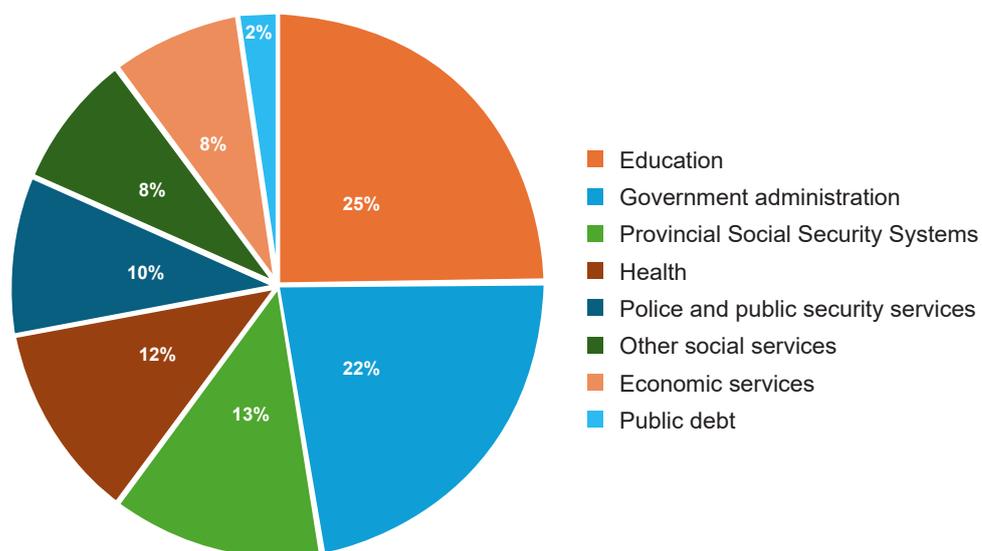
Primary education is universal and mandatory from the age of 6, and lasting between 7 and 8 years, depending on the province. At this level, the offer is more homogeneous, with only official public or private provision. Public schools serve 72.3% of primary students nationwide. The main challenge at this level is extending the length of the school day. The law stipulates that the primary level must have a full school day; however, the coverage of this modality reaches only 15% of the students, meaning that most children attend school for just 4 hours.

In addition, with the increase in inequality after the neoliberal governments in the country, public schools have lost some of their historical capacity as a mechanism for class equalisation. As Veleza et al. (2011) point out, school infrastructure and pedagogical supplies vary significantly depending on the socioeconomic level of the students. Among the middle class, a new loyalty to private schools began to emerge as soon as family income allowed it. Among the super-rich, a spatial concentration of the wealthiest in areas distant from society (suburbs and gated communities) was consolidated. A process of isolation of the education of the richest in private schools within their areas began.

According to the Ministry of Economy, in 2021, provinces spent 3.02% of their GDP, on average, on basic education (from kindergarten to secondary level). According to the Ministry of Education, 54% of this expenditure was allocated to kindergarten and primary education. Although there is insufficient data to determine the share allocated exclusively to the initial level, it is presumably small, given the much lower enrolment compared to primary education.

Education represents the most significant expenditure in the provinces (25% of the total provincial expenditure), followed by government administration expenses, social security expenses corresponding to the social security funds that are not transferred to the Federal government, and, very far behind, public spending on health (12%). Despite this considerable effort, the main challenges and deficits in early childhood education and care remain unaddressed.

Figure 4: Expenditure structure of provinces in 2021 as a percentage of total expenditure



Source: Author's calculations based on the Ministry of Economy data

3.6.2.1 Financial capital divides and conquers profits over care

Subnational finances and the historically complex web of fiscal relations between states—known as fiscal federalism—are key to understanding the financing of public education services. These services are crucial for the social organisation of care, and their funding is closely linked to the tax system and to strategies for improving public service provision.

The neoliberal governments of the 70s and 90s used the decentralisation of education and health care services as a strategic response to the overindebted federal government's need for immediate fiscal relief, conserving funds, and shifting spending responsibilities (Claus 2019; Otero and Iñiguez 2016; Cetrángolo and Gatto 2002; Bisang and Cetrángolo 1997). The transfer of public education and health services from the federal government to the provinces was part of the structural adjustment programs (SAPs) that detached the federal government from its primary responsibility of managing and financing care throughout society. Public services were transferred to the provinces without the corresponding resources, with serious consequences for equality. Given the significant disparities in fiscal capacity across provinces, this shift introduced a new layer of inequality in public service provision.

In the 1990s, this search for fiscal relief to serve financial capital was also accompanied by a significant increase in the federal government's collection capacity, primarily through the reinforcement of indirect taxation. In 1995, VAT rates were increased from 18% to 21% and two years later, the tax base was broadened. In 2001, a new tax on credits and debits in bank accounts was created. Both emergency measures remain in effect. Indirect taxation, which facilitated rapid tax collection capacity, was strongly regressive and did not translate directly into increased funding for public education and health. Even when some part of this new revenue was shared with the provinces, the distribution criteria appended inequality.

All revenues not earmarked for specific purposes enter the federal tax co-participation system, where the national government first retains its share of the daily collections (primary distribution) and then allocates the remainder to the provinces (secondary distribution). This secondary distribution relies on fixed and arbitrary coefficients, without following any principles of solidarity or equalisation between territories, and does not take into consideration either population size or local needs. This is particularly problematic because provinces are responsible for providing public care services, and care requires personalised attention. Since care has constant returns to scale, a larger population means more care work is needed—and therefore more resources—to ensure decent working conditions and equal

access to rights. Moreover, the more complex the problems of vulnerability, the more resources will be required to achieve the same basic care standards in different territories. It is therefore necessary to distribute the revenue according to criteria of equity and solidarity, based on the number of people inhabiting each territory to guarantee minimum levels of funding for quality public provision.

During the 1990s, provinces also underwent a process of rapid indebtedness, using co-participation transfers as collateral, which eroded their capacity to set budgetary priorities. The co-participation collateralization facilitated access to credit markets. Still, it imposed a significant restriction on the provision of public services by the provinces, as it modified the provincial budgetary process, since payments to creditors were made automatically. Additional funds had to be sourced from elsewhere to cover operating expenses for each period, and provinces also resorted to indirect taxation expansion to increase their own revenue, mainly by taxing productive activity in their territories. This represented 56% of their revenue in 1998 and 75% in 2016 (Agosto 2017).

These fiscal consolidation strategies used to service debt have deepened inequality, drained resources from public services, and are a major cause of today's gaps in service coverage and quality—gaps that fragment society and have proven very difficult to reverse.

3.6.2.2 Financing strategies to enhance spending on education: lessons for financing care

Following the devastating failure of the neoliberal experiment in convertibility, which culminated in one of Argentina's worst social and economic crises of 2001 and 2002, the country experienced a decade of economic recovery. The collection capacity of the states recovered, and measures were implemented to increase the public money allocated to education. These efforts, although meritorious, were insufficient to reverse the structural problems that neoliberalism had entrenched.

In simplified terms, in 2021 the main tax revenues shared between the Federal Government and the provinces came from

the Corporate Income Tax and Personal Income Tax, both fully allocated to the co-participation fund, and VAT, which contributes 89% of its revenue to this shared fund. Together, CIT and PIT represented approximately 5% of GDP, while VAT accounted for slightly more than 6% of GDP (Table 1). Of the total co-participable resources, around 60% are allocated to secondary distribution and shared among provinces according to fixed coefficients, which tend to reinforce existing disparities.

In terms of public education financing and fiscal federalism, it is important to highlight the Law of Educational Financing, which earmarked part of the co-participation revenue fund to increase spending on education, along with its strengths and areas for potential improvement. First, the 2005 Law of Educational Financing restricted the use of co-participation transfers as collateral for loans, stipulating that a specific portion could only be allocated for educational purposes. This earmarking mechanism guarantees a minimum spending floor, helping to reduce financial instability. Another factor supporting financial stability is that the fund is financed through the secondary distribution of federal tax co-participation. Because this mechanism draws on substantial and relatively stable federal revenues, it diversifies funding sources and helps cushion risks associated with economic cycles.

However, this minimum floor is insufficient to guarantee the 6% of GDP spending on education mandated by law. Additionally, because it relies on a fixed portion of the secondary distribution, it remains subject to the inequalities inherent in the current federal tax co-participation system, which uses arbitrary coefficients for distributing funds among provinces.

More recently, the federal government has implemented policies to increase investment in care infrastructure across the country. The Ministry of Public Infrastructure's Care Infrastructure Program is the main initiative in this area, establishing a mechanism to ensure that part of infrastructure spending is dedicated to care⁸, particularly for the construction of spaces supporting the care, protection, and rights of children aged 45 days to 4 years in the most vulnerable localities.

In 2020, the ministry allocated 8.5% of its budget to care infrastructure. Efforts were also made to institutionalise this

8. According to the program, care infrastructure includes health infrastructure, spaces for the comprehensive approach to gender-based violence situations, Child Development Centres, care spaces for older adults and people with disabilities, such as long-stay residences, among others.

commitment through the Cuidar en Igualdad bill, which lays the foundation for an Integrated Care System in Argentina. However, the bill has not yet been passed, leaving this spending highly dependent on the government's political will. The current administration under President Milei not only frames feminism as an adversary and systematically defunds care and sexual and reproductive health policies, but it has also paralysed public investment in infrastructure.

3.7 Conclusion and recommendations

Argentina, compared to other countries in the region, has made significant progress in recognising the rights of most dependent populations (children, people with disabilities, and older adults) plus caregivers, has high levels of coverage of care policies, and makes a substantial tax effort. However, it does not escape the generalised problem in Latin America: inequality, gender-biased fiscal policies, and segmented access to rights. Despite the severe setbacks under the current far-right administration, part of the explanation can be found in the way tax resources have been historically collected, allocated, and distributed.

The institutionalisation of long-term, gender-transformative care policies, capable of withstanding even the most severe austerity measures, as currently being imposed in the country, requires the allocation of earmarked, sufficient, and economically resilient tax resources. It is not enough to enunciate rights in laws; it is necessary to commit adequate tax resources for their practical materialization. It is essential to incorporate the political economy analysis of tax and care, especially in a country like Argentina with such territorial inequality: care is a scale-intensive economic activity.

As the population and vulnerability increase, more resources are needed to ensure decent working conditions and equal access to rights. Therefore, taxes should be designed to address inequality, and revenue should be distributed based on equity and solidarity, taking population size into account, to guarantee minimum funding for quality public provision.

As observed in the analysis of Argentina's social security system, it has two key strengths: it relies on earmarked resources that

reinforce financing, and its non-contributory income transfers are distributed without territorial distinctions, enhancing the policy's equalising power by providing a minimum income floor. However, these earmarked resources are insufficient to fully meet the system's needs, leaving it vulnerable to underfunding during periods of fiscal austerity. Moreover, the system depends heavily on social security taxes and indirect taxes, which are highly sensitive to declines in collection during economic crises.

Several improvements could enhance financial stability. First, social security tax benefits for employers should be avoided, as they have a negative impact on system sustainability and are ineffective in promoting decent job creation. Second, allocating direct taxes with high collection capacity, such as PIT and CIT, would provide steadier financing, since these taxes operate through withholding in instalments throughout the year, reducing exposure to economic fluctuations. Allocating revenues from foreign trade taxes could further diversify funding, as these are more closely linked to external macroeconomic conditions than domestic ones. Third, given its countercyclical behaviour relative to the real economy, the financial sector could be tapped by taxing financial asset transactions to support care policy financing.

Finally, the different social security systems — contributory, semi-contributory, and non-contributory — reflect and reproduce labour market inequalities, perpetuating gender biases. Transforming these unjust dynamics requires incorporating feminist gender perspectives into policy design and financing mechanisms that actively promote equality. This includes fostering virtuous cross-subsidies from the contributory system for formal workers to semi-contributory and non-contributory safety net programs, where informal workers and women are overrepresented. Equally urgent is ending the harmful practice of using solidarity-based social security resources to fund privileged pension regimes. A positive example of reinforcing redistribution is the use of federal wealth tax revenues to finance safety net programs, as mandated by Argentine law.

Another example of a highly redistributive policy financing mechanism is the FISU trust fund. It supports infrastructure projects for housing improvements, access to public services, and the enhancement of urban spaces, thereby improving the

conditions in which household and community care is provided in popular neighbourhoods. By drawing on revenues from the ASEP and PAIS taxes, FISU channels income from high-income, male-dominated sectors to low-income, predominantly single-mother households. However, its financing needs to be strengthened in terms of resilience and sustainability, as the ASEP contribution was a one-time allocation, and this revenue stream will diminish over time.

Regarding the financing of public services, the analysis shows that government creditors have long secured public resources for repayment, shielding themselves from risk at the expense of care. While provinces receive co-participation funds from VAT, PIT, and CIT—taxes that generate significant and stable revenue—their distribution reinforces structural inequalities. Earmarking mechanisms, such as the Law of Educational Financing, have protected education funds from creditors but have not addressed these inequities. It is therefore essential to develop mechanisms that bypass the care-blind co-participation system and earmark taxes for care infrastructure as well as for fair pay and working conditions for care workers, including teachers and health personnel. Such measures would prevent care workers from being the first to bear the costs of fiscal adjustment policies, as is often the case.

The less care policies rely on general revenues, the less they depend on the political will of the government in power, and the more stable their financing over time. While this may reduce political discretion, it ensures that essential care policies maintain secure funding and are not treated as adjustment variables during crises. Stable revenues for quality public education, health, and social security can help counter the delegitimization of the state and democracy by reaffirming the state's role in redistributing care and income—improving not only the lives of women and girls, but society as a whole.

Finally, based on the findings of this study, a series of concrete tax measures is proposed, organised into four categories:

1. **Strengthen direct tax revenue.** For the tax system to contribute to achieving gender justice, it must be utilised to distribute wealth more effectively. Given the profound

masculinisation of wealth (64% males in the highest income decile) and feminisation of poverty (64% females in the lowest income decile), direct taxes are a key tool to strengthen care policies through income and wealth redistribution. Measures that can be implemented include the following:

- Coordinate and strengthen provincial inheritance taxes, incorporating a gender perspective.
- Establish taxes on extraordinary corporate income in crises.
- Increase tax rates on corporate profits in high-risk sectors such as extractive activities (mining, oil, and extensive agriculture).

2. **Strengthen international cooperation and coordination in tax matters.** This point is relevant from a gender perspective for several reasons. First, global coordination is necessary to discourage and disarm strategies that promote illicit financial flows, often linked to trafficking in women. Second, to implement effective direct tax policies, it is necessary to establish international standards that curb mechanisms promoting tax evasion and avoidance, which undermine the budgets available for care policies.

- Actively participate in existing platforms where cooperation is sought, such as PTLAC: Global, Sustainable, Inclusive, and Equitable Platform.
- Promote global minimum taxes that contribute to reducing tax competition between countries.
- Promote exchanges of information for auditing purposes.
- Collaborate in the consolidation of beneficial ownership registries at the global level.

3. **Make indirect taxes less regressive.** Given that indirect taxes, especially those levied on consumption, are the most regressive in terms of gender equality, a series of measures is proposed to help mitigate their regressive effects and make them more progressive.

- Re-establish VAT refunds for the consumption of goods and services associated with basic needs in low-income sectors and domestic workers, relying on the beneficiary base of non-contributory programs.

- Promote the elimination of taxes on menstrual management products.
 - Allocate a portion of the collection to public policies that aim to reduce gender gaps.
 - Raise taxes on stock market transactions and luxury goods.
4. **Improve transparency, traceability, and information systems.** These types of strategies are necessary in terms of gender because they provide the information required to monitor the other objectives.
- Improve fiscal and tax information to allow for disaggregation by gender and race, as a necessary condition to understand the impact of taxes by income sector, gender, and race.
 - Review tax benefits and eliminate those that are inequitable or unfair.

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Chapter 4

Inside Ecuador's experience

4.1 Introduction

This case study delves into the intersection of tax and social care systems in the country. Ecuador's ongoing socio-economic crises and structural shifts call for a thorough assessment of how well its tax system supports care services and ensures their accessibility, especially for those most at risk. Additionally, it seeks to assess the equity and efficiency of current tax structures to supply continuous and sufficient funding for care, shedding light on potential areas for improvement.

We are all cared for and are caregivers. Understanding that care expands from personal to community and even environmental activities, the study focuses on care provided to children⁹, the elderly and individuals with disabilities.

9. Up to five years old

The research combines both quantitative and qualitative methods. Quantitative analysis examines tax revenue allocation, expenditure patterns on care services, and demographic trends to identify any disparities or inefficiencies. Qualitative methods review news and previous studies to capture perspectives and challenges related to taxation and care. The main variables of interest are characteristics of tax and care systems, their associated laws, institutions and budgets. These elements are then contrasted against contextual socio-economic, cultural, and political factors.

It is important to acknowledge the limitations of this study. The analysis was constrained by limited access to reliable, sufficiently disaggregated, up-to-date, and relevant data—particularly on programme beneficiaries, specific budget allocations, national accounts, and time-use surveys—which posed significant challenges to the depth and precision of the analysis¹⁰.

10. The use of time survey is only available for 2012, while the last version of satellite national accounts is for 2017.

4.2 Characteristics of the tax system

The Ecuadorian tax system exhibits characteristics that shape its revenue collection, tax-to-GDP ratio, and contribution to public revenue.

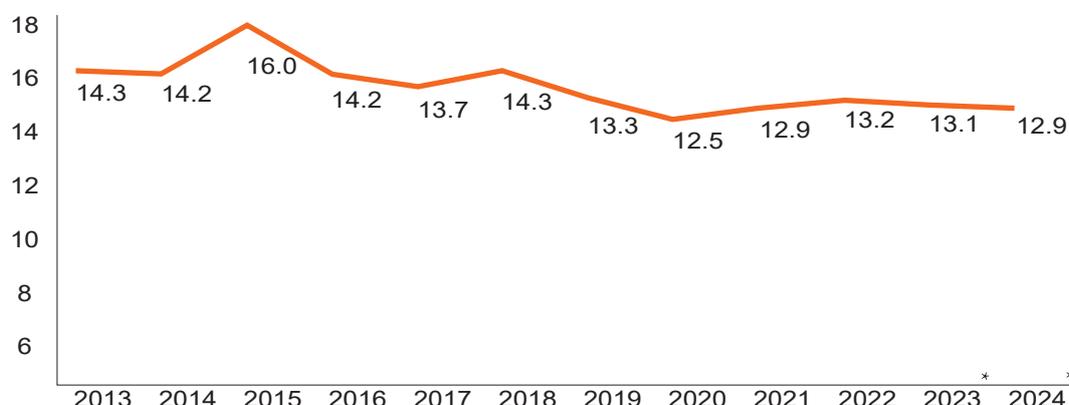
11. The tax-to-GDP ratio is the proportion of the country's tax revenue to its gross domestic product (GDP).

4.2.1 Tax-to-GDP ratio¹¹

Ecuador's tax-to-GDP – excluding fines, penalties, and most social security contributions – average ratio for the last six years was 13% (Figure 5). This is less than the 14% average for the Latin American and Caribbean (LAC) region and the 17% observed for OECD countries. When such items are included, Ecuador's ratio stands at 19% (14% of taxes, fees and other contributions, plus 5% of social security contributions), significantly expanding gaps with the values for LAC (22%) and OECD countries (34%). These gaps have an impact on the government's budget and consequently, its capacity to enforce much-needed public interventions in the context of simultaneous multiple crises that the country has endured in the past. Given the need for public action, the fiscal deficit worsened and the country's public debt rose, doubling between 2010 and 2014, and reaching 2.6-fold between 2010 and 2020, the first year of the pandemic.

Thus, there is an urgent need to identify mechanisms that allow Ecuador sufficient and more effective tax collection.

Figure 5: Evolution of the Ecuadorian tax-to-GDP ratio



Sources: The World Bank and Ecuadorian Ministry of Finance

*Executed data for 2023; 2024 is taken from the 2024 pro forma budget

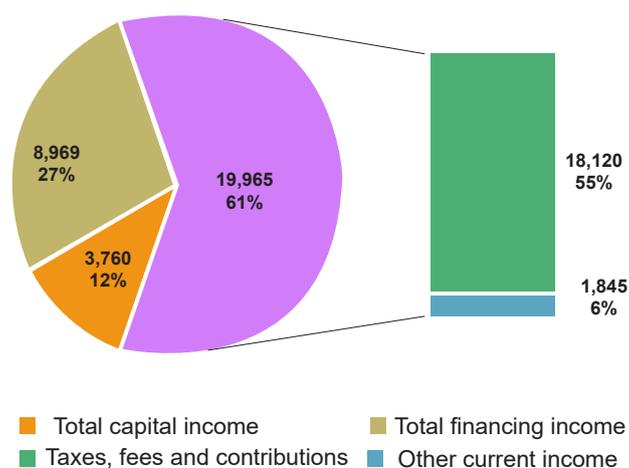
4.2.2 Tax contribution to public revenue

Taxes, fees and contributions constitute a substantial portion (55%) of public revenue in the 2024 general state budget¹² (Figure 6). Within the non-financial – which includes revenues from public banks, social security, state-owned enterprises and subnational governments – taxes accounted for an average of 37% of income and social security contributions for 14% between 2022 and 2024.

Increasing this revenue is essential for funding government expenditure on public services, infrastructure, social welfare programs, and other public functions vital to achieving social justice and rights-based societies.

12. General state accounts exclude public banking, social security and income from public companies and sub-governments. See: <https://www.finanzas.gob.ec/wp-content/uploads/downloads/2018/11/PDF-interactivo-2.pdf>

Figure 6: Composition of the Ecuadorian public revenue (in million USD and percentage of the total)



Source: Ecuadorian Ministry of Finance

4.2.3 Tax structure

In 2023, tax revenues totalled USD 17,420 million, an annual growth of 1.5% or an additional USD 256 million. Most of it came from the Value Added Tax (VAT), with USD 8,444 million (representing 47% of the total collection, with an annual growth of 3.8%); followed by the Income Tax (IT – USD 5,814 million or 33%; import tariffs – USD 1,270 million or 7%; and the Foreign Exchange Outflow Tax (FEOT) – USD 1,088 million or 6%. The revision of its sectoral disaggregation shows that private banking activities

13. Private banks figures include their collection of VAT, as well as their payment of IT, FEOT and taxes on *assets abroad*. An additional temporary *contribution* will be charged on their utilities (between 5% and 25%, depending on the volume of their utilities) to help finance the national armed conflict, but that is not included in the figures as it was approved in January 2024

14. For FEOT and VAT, this is mainly due to a decrease in international economic activity. The government decreed a 50% *reduction* of FEOT from 2024 onwards, so this is not part of the figure. The category of other direct taxes reduced its pressure given the end of the application of the COVID-19 solidarity *contribution* (enforced between 2020 and 2022). In January 2024, a new temporary contribution was established as a response to the security crisis. The collection figures on that will also be available by the end of the year.

15. Individuals with individual assets equal to or greater than USD 1,000,000 as of January 1, 2021. Companies with a net worth equal to or greater than USD 5,000,000 as of December 31, 2020. See <https://gvn.com.ec/2022/03/18/contribucion-temporal-al-patrimonio-de-las-personas-naturales-y-sociedades/#:~:text=En%20los%20a%C3%B1os%202022%20y,instituciones%20sin%20fines%20de%20lucro>

16. It taxes the free-of-charge increase in assets. For residents, it applies to local and foreign assets or rights. For non-residents, it applies only to goods or rights in Ecuador. <https://www.sri.gob.ec/impuesto-a-la-renta-de-ingresos-provenientes-de-herencias-legados-y-donaciones>

contribute the most to tax collection, with USD 2,239 million and a 12.9% participation¹³. The next largest sources were taxes on wholesale fuel sales, totalling USD 1,113 million (6.4%), followed by taxes on vehicle sales at USD 581 million (3.3%).

Collection from direct taxes other than IT, as well as from FEOT and VAT on imports had the highest annual reductions (15%, 14% and 9%, respectively)¹⁴, while VAT on internal operations and IT showed the greatest increases (10% and 8%, respectively). As a result, the effective tax collection shrank by 1% between 2022 and 2023 (USD 14,914 vs USD 15,099 million). This demonstrates a transition towards a more regressive tax system, a trend that will intensify with the enforcement of the latest VAT increase from 12% to 15%.

This case study highlights the Solidarity Equity Contribution, a temporary tax on assets of individuals and firms¹⁵ in force during 2022 and 2023. Although this progressive initiative had the potential to counter the observed regressive trend, implementation challenges have limited its effectiveness in collection to USD 372 million in 2023 (2% of the total tax collection). Taxes on inheritance, legacies and donations is another progressive scheme implemented in Ecuador. These are implemented in only six countries in the region. It charges free asset transfers¹⁶, but its execution remains insignificant (USD 16.7 million or 0.1% of total tax collection).

Ecuador's limited revenue-raising capacity is driven by four key factors:

- i) high tax relief;
- ii) high tax allowances;
- iii) narrow tax bases; and
- iv) high levels of tax evasion and avoidance (ECLAC 2023).

4.2.3.1 Estimates of direct and indirect tax evasion/avoidance

LAC countries forfeited about USD 340 billion (6.7% of GDP) in 2015 from avoidance of Personal Income Tax (PIT), Corporate Income Tax (CIT) and VAT. This is more than double the total value of the central government's capital spending (USD 150 billion),

and regional non-compliance average rates of 47.5% for IT and 27.8% for VAT. Based on the latest available figures, tax evasion rates in Ecuador stand at 32% for VAT, 65% for CIT and 58% for PIT (ECLAC 2017).

Nevertheless, the country has demonstrated an increasing commitment to improving tax compliance (SRI 2023): the average IT efficiency indicator quadrupled between 2000 and 2020 (SRI 2020). However, there is still progress to be made, particularly in the timely and systematic quantification of tax evasion—an issue highlighted by the lag in available data—which remains a challenge for the country.

4.2.3.2 Extent and nature of tax incentives

Ecuador has the second-highest exemption levels in LAC: the income threshold from which PIT begins to be paid is only lower than in Sub-Saharan Africa and South Asia. Ecuadorian taxpayers are exempt from this tax up to an average threshold of under 1.9 times per capita GDP, while in Western Europe and North America the values were under 0.3 and 0.6, respectively (ECLAC 2017). Therefore, a cause for the country's low PIT revenue capacity is the high threshold from which taxation begins.

The latest inclusion of tax incentives came with the Economic Efficiency and Employment Generation Law in 2023. It offers greater expense deductions on IT, mainly for companies with job creation in the construction and agricultural sectors for the youth (18 to 29 years old), graduates of public universities and institutes and people previously deprived of freedom.

Other tax reductions enforced in 2023 were on VAT for tourism services (from 12% to 8%), in the FEOT (4% to 2%), and in the Special Consumption Tax (SCT) rates. The underperformance of the tourism sector started with the COVID-19 pandemic – the number of foreign visitors fell by 41% and tourism-related FEOT decreased by 18% in the 2019-2022 period. This persisted all through 2022, with the sector's generation of employment dropping 7% between 2021 and 2022.

4.2.3.3 Extent and nature of tax amnesty

17. <https://heka.com.ec/en/2023/12/23/economic-urgency-law-organic-law-for-economic-efficiency-and-employment-generation/>

One of the most recent amnesty approvals was enacted under the Economic Efficiency and Employment Generation Law. It gives taxpayers who pay their overdue debts within 150 days from its publication, total forgiveness of interest, fines and surcharges¹⁷. As in neighbouring countries, there are concerns about the moral hazard and latent abuse behind repeated amnesties and the long-term impact of this signal. Finally, the effectiveness of amnesties in achieving their political objectives continues to be debated and requires careful evaluation.

4.2.3.4 Extent and nature of tax expenditures

18. <https://repositorio.cepal.org/server/api/core/bitstreams/82fe2322-072c-48a3-98a3-5ed1e034e825/content>

Tax expenditures can materialise as exemptions, deductions, credits, reduced rates, deferrals and administrative facilities. Ecuador’s forgone tax revenue increasingly surpasses the regional average: as LAC dropped slightly between 2015 and 2020 (from 4.1% to 3.7%), tax exemptions in Ecuador went from 4.7% to 4.9% of its GDP – equivalent to 95% of the central government capital expenditure¹⁸. Tax expenditures from the total tax collection also rose in Ecuador from 21.6% in 2015 to 25.9% in 2019. Value-added tax and income tax account for the largest tax expenditures, at 2.3% of GDP each in 2020¹⁹.

19. <https://repositorio.cepal.org/server/api/core/bitstreams/be42490d-c86e-4f5f-a9a9-b664a50ba70c/content>

Table 5: Tax expenditures with the main forgone revenues for Ecuador (as a percentage of GDP)

20. There are also VAT expenditures on fuels: aviation fuel for cargo transport abroad; non-cash investments made by companies that have signed contracts with the State for hydrocarbon exploration and exploitation services. However, they are excluded due to their marginality (lower than 0.1% of GDP).

VAT²⁰	Foods: food products (0.6); seeds, bulbs, plants, flowers, foliage and cut branches, fertilisers and so forth (0.3); bread, noodles, sugar (0.2); milk and derivatives (0.1) Health: Medicines (0.2), medical services (0.1) Education services (0.2) Services provided by clubs, unions and production chambers, among others (0.0) and local purchase or importation of goods and services by foundations Non-profit institutions (0.5) F
IT	Non-profit institutions (0.5) Popular and solidarity economy companies and other members (0.0) Economic zones: New productive investments with net new employment in priority industrial, agro-industrial and agribusiness sectors within Quito, Guayaquil and border cantons (0.3); free trade and Special Economic Development zone users (0.1)

Source: ECLAC (2022)

Ensuring transparency, efficiency, and accountability in tax expenditure is essential. One form of tax evasion facilitated by tax expenditure involves ghost firms – fictitious entities that issue fake receipts to claim tax deductions. An analysis of transaction-level data in Ecuador confirms that larger firms are most likely to engage in ghost transactions, benefiting those with the highest incomes. Once the Ecuadorian Internal Revenue Service (SRI) targeted ghost clients, corporate income tax rose by USD 21 million within three months²¹.

21. <https://cepr.org/voxeu/columns/ghosting-tax-authority-fake-firms-and-tax-fraud-ecuador>

4.3 Gender care analysis of the tax system

Ecuador's approach to promoting gender equality has increasingly recognised the importance of positive discrimination in favour of women. Until 2000, aside from protecting female workers during pregnancy, no laws or measures of this type were contemplated²². Indirect taxes hit low-income women hardest, while deductions rarely support caregiving. Today, Ecuador's Violet Economy Law favours companies that create new job opportunities for women, offering special tax deductions linked to the duration of such jobs and the number of new net openings for women. However, the direct benefits are for firms, not for individuals.

22. Concluding *comments* of the Committee on the Elimination of Discrimination against Women: Ecuador.

4.3.1 Gendered effects of direct and indirect taxation

An important bias comes from non-labour rents or profits from family businesses assigned to only one household member, normally the legal business owner. According to the National Council for Gender Equality (NCGE 2021), most businesses are owned by men, with three out of four households that own a business being led by men.

Regarding the distributive incidence of VAT in Ecuador, Arias (2011) found that VAT has the greatest participation of this tax in the poorest first decile (on average 26.9%), while its weight for the richest decile does not exceed 5%. This situation confirms VAT's regressiveness and increase in inequality, especially when considering the higher poverty incidence women face: a 3 percentage point difference in the national average, and 7.5 percentage points within rural areas (NCGE 2021).

The lack of progressivity in the highest tax brackets, along with the very light taxation of capital and assets, also creates biases against women—particularly in an economy where 53% of employed women in Ecuador work in the informal sector. In addition, there is evidence that consumption in Ecuador imposes an 11% “pink tax”, meaning that the market punishes women with this extra payment on products similar to those consumed by men.

General tax deductions have different effects on men and women, with some components benefiting women while others may unintentionally disadvantage them. Deductions for expenses related to children and people with disabilities improve vertical equity and favour women. However, this is only true for women in formal jobs and with enough knowledge and information. On the other hand, the exemption of financial and capital income favours the richest decile of the population and those contributors able to save and invest, which excludes the majority of women (Almeida 2018).

4.3.2 Differential tax rates paid by men and women

Tax systems reflect gender biases when their design mirrors prevailing social norms about gender roles, influencing patterns of production and consumption (Almeida 2021)²³. Some sources of these biases were mentioned in the previous subsection. Another example comes from a recently implemented benefit for companies creating new job opportunities for women with special tax deductions linked to the duration of employment for such jobs, and the number of new openings compared with the initial headcount. Since most of the biggest companies (the usual beneficiaries of these incentives) are owned by men, the direct impact of such tax reductions will target them.

Thus, it is necessary to carry out further calculations and for the government to implement gender-disaggregated and open data to reach more specific conclusions on their implications.

4.3.3 Tax exemptions on care-related products and services

Tax exemptions take into account economically dependent household members, such as older adults and people with

23. Explicit biases refer to the way in which tax laws treat women and men differently, which can be either stated in writing or reflected in informal practices. The implicit ones occur when even if the regulation treats men and women similarly, their application produces different impacts on them.

disabilities, helping to mitigate the long-standing gender bias in tax policies related to household care provision (ECLAC 2017). Ecuador also allows deductions for children, seniors and people with disabilities. From 2023, seniors could receive deductions on a basic fraction taxed at a 0% IT rate (USD 11,722), while the taxable income of people with disabilities could be reduced by up to two basic fractions, also taxed at 0% (USD 23,444), based on their level of disability. When revising tax expenditures, categories such as food, health services or medicines are expected to be preponderant. However, this is different in Ecuador, where they represent 0.1% and 0.3% of GDP, respectively, adding up to only 17% of total VAT expenditure.

For products subject to VAT, the country's most important indirect tax, there is a full exemption (0% VAT rate) on 43% of the goods and services that compose the basket that the National Institute of Statistics and Census (INEC) uses to calculate inflation (154 out of 359). These include 94 types of food, basic services, housing-related expenses, medical services and medicines, women's hygiene products, educational products and services and transportation.

Ecuador's Simplified Tax Regime (RISE) provides a pathway for taxpayers who would otherwise find formalisation unfeasible due to typically high compliance costs. This is important in a country where most domestic and care-related services are provided from economic informality. Even though this regime does not imply workers' access to social security or other benefits, a parallel scheme allows them to apply for voluntary contributions to social security and become beneficiaries of the national public system. However, there is evidence that although this mechanism increased informal and domestic workers' participation in the social security system, the trend has returned to its previous (pre-norm) average levels (Latindadd unpublished).

4.3.4 Recently introduced tax measures to finance care or care-related activities

At the end of 2021, Ecuador introduced reforms aimed at strengthening personal income taxation (ECLAC 2023). Some progress has been made through reductions in the taxable amounts for intermediate brackets, as well as the introduction of a new top bracket with a 37% marginal rate, which applies from a lower

taxable base than the previous top rate of 35%. There is no evidence yet, but it will hopefully improve the shallow taxation level for the highest income decile (3.4%).

4.4 Care-related tax spending

In Ecuador, tax expenditures accounted for 43% of the central government's social spending in 2021, highlighting their significant role in the country's fiscal framework (OECD 2023). While exemptions and preferential treatments within the value-added tax (VAT) are typically expected to prioritise essential goods and services—such as food, health services, and medicines—this is not the case in Ecuador. In practice, these categories constitute only a small fraction of the economy, representing 0.1% and 0.3% of GDP, respectively, and together account for just 17% of total VAT expenditures. This distribution suggests that VAT exemptions in Ecuador are not primarily directed toward basic consumption or healthcare needs, raising questions about the equity and social impact of the current tax expenditure structure.

4.5 Structure of social organisation, role of public provision

4.5.1 Size of care economy and contribution to overall GDP

There have been no official estimates for Ecuador's unpaid work in recent years, as the Use of Time Survey (UOTS) is only available up to 2012, which sheds light on the importance given to the topic. On the other hand, differentiation of labour data by gender is only available from 2020 onwards, while the unpaid work satellite account data is only available until 2017. Thus, according to estimates by the author, Unpaid Care Work (UCW) has increased its contribution to Ecuador's GDP by at least 3.5% (from 19% to 22.5%) between 2017 and 2022. Nonetheless, the lack of institutional figures implies that neither the National Finance Ministry nor the Ecuadorian Central Bank accounts for this contribution or acknowledges it as part of the official GDP.

Table 6: Estimated contribution of unpaid work to Ecuador's GDP

VARIABLE	UNIT	SOURCE	2017	2022
Total Population	M People	INEC	16.7	18
Economically Active Population	M People	INEC	8.086	8.5
Unpaid Care Workers	M People	INEC	0.727	0.87
GDP Nominal Prices	B USD	BCE	104.3	115.05
GDP Constant Prices	2015 B USD	World Bank	100.40	100.64
Unpaid Care Worktime	B Hours	INEC / Own Estimations	11.83	14.16
Hourly Unpaid Work Paycheck	2015 USD	INEC / Own Estimations	1.62	1.62
Unpaid Work' Added Value	2015 USD	INEC / Own Estimations	19.13	22.89
Gross Added Value from Unpaid Work as %CGDP	%	INEC / Own Estimations	19.05%	22.74%

Source: Author's estimates

While the country's real GDP remained stable (with a 0.2% variation for 2017-2022), the unpaid work contribution rose by almost 20%. Likewise, the number of unpaid work providers grew by 19.7%, about three times the rate of population growth (7.8%) and five times the rate of the Economically Active Population (EAP, 5.1%). The main reason for this increase was the consequences of the COVID-19 pandemic, when estimates of the national unpaid work to GDP rose to 28%. Even so, since 2021, this effect has decreased, and currently, the number could be closer to the pre-2020 values.

Another key aspect of this methodology is that it values each hour of paid work twice as much as one of unpaid work. If we valued them at the same unit price, the total contribution of the UCW would represent one-third of the country's total GDP.

4.5.2 The care burden of women and men

The last UOTS available in Ecuador is from 2012. However, recent estimates by ECLAC (2022) reveal that women account for 79% of the time devoted to unpaid work — four times more than men (37.2 vs. 10 hours per week, respectively). Moreover, women's labour participation rate in unpaid work (out of the female EAP) almost triples that of men. Nonetheless, Ecuadorian men are now contributing slightly more to these tasks than in previous years. In 2022, they represented 33% of the unpaid workforce, compared to 30% in 2017.

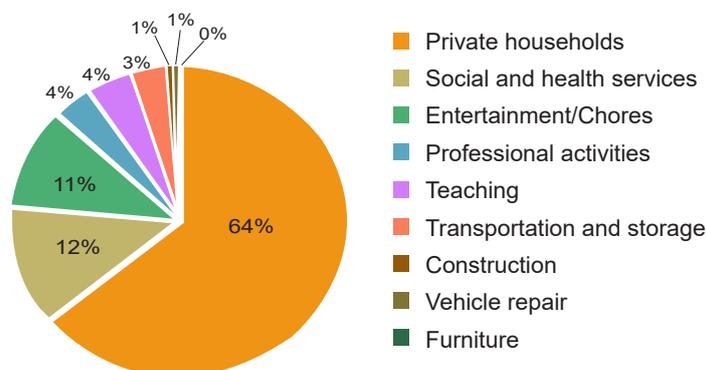
4.5.3 Nature and extent of state, market and community contribution to providing care

Households, the market, the state and community are all involved in the design, funding and provision of care, and form the four sides of what has been dubbed the “care diamond”. The Constitution of Ecuador (2008) puts emphasis on the care of older adults, persons with disabilities and children, compelling the state to establish public policies and programs that respond to geographical areas, gender inequities, ethnicity and culture, communities, peoples and nationalities. It also affirms that the definition of such policies must provide the greatest possible degree of autonomy and participation. In addition, it recognises the unpaid household work of self-support and human care as productive work (Ecuadorian National Assembly 2008).

However, much of this does not translate into the country’s daily life. Based on indicators presented in the previous subsection, women shoulder most of the social burden of providing care. What’s more, private households supply almost two-thirds of the total unpaid work in the country, doubling the contributions from the rest of the industries²⁴. A remark on this composition emerges from the unexpectedly low contribution of education services (4%) versus the highest industrial input (social and health services, with three times its value). Some experts state that this situation might have to do with the form in which surveys question their involvement (Esquivel 2013) and broader structural questions regarding such involvement (Stengel 2022).

24. Industries refer to the productive sectors that also provide unpaid work within the estimation of the National Unpaid Work Satellite Account, available until 2017.

Figure 7: Composition of unpaid work’s contribution to GDP, based on national accounts (2017)



Source: National Institute of Statistics and Census

In the labour sphere, more recent legislation established that public and private institutions must offer childcare services for workers' children up to five years of age, be it directly or through agreements with private childcare centres with locations close to the workplace to guarantee such services²⁵. Although this legislation is among the most recent on the topic, the lack of progress in defining specific responsibilities, implementing regulations, and establishing monitoring tools raises concerns about the effectiveness of this framework.

25. *Violet Economy Law* (January, 2023).

In Ecuador, the government also implements some transfers that can contribute to sustaining care provision among the most vulnerable groups. The most important is the Human Development Voucher which increased its associated budget from USD 50 to USD 55 between 2021 and 2022 (MEF 2023).

4.6 Types of care-related policies

Even though there is limited information regarding the performance of the country's public policy in the social provision of care, other indicators reveal that there is work to be done in Ecuador. One of these is the gender gap²⁶. Its value for 2023 was 73.7%, a setback in the ranking, as it dropped from position 41 to 50. As a public response to improve its performance in gender parity, two new laws were passed; the Violet Economy Law and the Organic Law of Human Care.

26. This indicator is a percentage that goes from 0 to 100, and can be understood as the percentage of the gap that has been closed (the higher the better) <https://datosmacro.expansion.com/demografia/indice-brecha-genero-global/ecuador#:~:text=Ecuador%20tiene%20una%20brecha%20de,al%20menos%20en%20la%20media.>

4.6.1 The Violet Economy Law

The Violet Economy Law 2023 aims to encourage women's employment and promote the equal treatment of men and women in the workplace, including guidelines touching on family-related leave. As mentioned before, tax incentives target firms with net increases in their total headcount by hiring women; these vary depending on the length of the contracts offered. It allows for tax deductions on the associated salaries which range from 1 to 1.4 times of such value depending on the duration of the new hire (from 6 to 10 consecutive months within the corresponding tax years).

It requires companies to develop employment equality plans (EEPs) to eliminate gender-based discrimination and to prevent



and handle sexual harassment in the workplace. This presents a challenge as the development of EEPs requires an in-depth analysis of workforce composition and HR policies and practices that few firms have experience with; non-compliance will attract large fines and penalties, especially within the prevention of sexual harassment and discrimination.

4.6.2 Organic Law of Human Care

The objective of the Organic Law of Human Care (2023) is to protect and regulate the right of workers to care for others, to care for themselves and to be cared for. It reaffirms the state's obligation to promote, protect, guarantee and respect the right to human care by adopting necessary, timely and appropriate policies.

Employers must carry out a diagnosis that includes working conditions, schedules and benefits for caregivers in all positions, hierarchical levels, and work centres, including teleworkers, using data disaggregated by gender, categories, levels and positions.

However, as of early 2026, the implementation of Ecuador's National Care System remains incomplete, continuing a delay that began after the initial August 2023 deadline. While the Organic Law for Human Care provides the legal foundation, several factors have stalled its full operationalization. One reason for that might be the excessive dispersion of responsibilities as ministries of work, health, education, and economic and social inclusion were all mentioned as the law's governing bodies.

4.7 Care-related policy and financing rationale

The limited development of progressive taxation deprives countries of an essential tool for achieving public finance solvency and potentially improving income distribution (especially when countercyclical policy is required). Tax reforms and anti-evasion measures should aim to maximise social welfare by strengthening redistribution and ensuring the delivery of adequate, timely public services.

These services should prioritise the social provision of care and establish mechanisms to finance and sustain public care policies and programs designed and approved in the recent

past. More specifically, the recommended areas for improving social care provision in Ecuador—and addressing the persistent administrative, financial, and coverage challenges—include:

- Clear delegation of implementing responsibilities.
- Explicit, sufficient and sustained financial sources.
- A truly inclusive provision that goes beyond the support exclusive to formal workers.
- Integral backing of care providers, apart from the populations subject to care.

This needs political commitment as well as progressive and continuous institutional changes, plus high stakeholder coordination and collaboration. Addressing care needs and transforming care systems begin with strong policy action, but also depend on expanding care infrastructure, improving business practices, advancing knowledge, investing in technological innovation, and shifting societal attitudes toward the value of care (WEF 2024).

4.8 Analysis of the care financing scheme and relation to the tax system

In 2022, the region's public accounts saw reductions in fiscal deficits after their peak during the COVID-19 pandemic. Most countries pursued fiscal consolidation policies to restrain public debt growth, reducing public spending and contracting public investment, even when tax revenues were buoyant (ECLAC 2023).

Ecuadorian tax revenues increased slightly and came primarily from VAT, even when receipts weakened in line with private consumption. Within the non-tax revenue, Ecuador saw an increase given the rise in revenues from crude oil exports equivalent to 1.4 percentage points of GDP, which compensated for a decline in sales of oil derivatives. In total, the year-on-year change in its revenue was 1.3% of its GDP (ECLAC 2023).

As a result, the country opted to reduce its overall (from -4.0% to -1.2% of its GDP) and primary (from -2.2% to 0.8% of its GDP) deficits in these years, while increasing its debt (from 57.0% to 60.4%).

4.8.1 Mechanisms through which the state finances provision in the selected care policy area

Between 2021 and 2022, Ecuador reduced its primary expenditure by 2%, while central government spending on subsidies and current transfers rose slightly by 0.3%. This was partly due to higher transfers to the Ecuadorian Social Security Institute (IESS) and a rise in the value of the Human Development Voucher from USD 50 to USD 55 in June 2022. Additionally, Ecuador increased its interest payment (0.3% of GDP) due to servicing securities issued as part of the public debt restructuring process in 2020 (MEF 2023). Public investment fell as a share of total expenditure in 2020, partly because of a drop in fuel subsidies (Radics et al. 2022).

Ecuadorian local governments managed to sustain and even increase their revenue flows as a share of the total revenue structure. This growth was mainly led by non-tax revenues and helped to support these local governments' budgetary balances instead of being translated into explicit matching responses on their expenditure (ECLAC 2023).

4.8.2 Strengths and weaknesses of the financing scheme

Taking into account the open fronts to both risks and opportunities that the demographic changes, the climate crisis, and technological shifts, among many other simultaneous global transformations, the country's social outcomes depend on how care systems are provisioned. Some characteristics of the national system around the provision of care include:

Strengths:

- Constitutional commitments towards sustaining life and recognising the value of care.
- Institutional and legal advancements, as evidenced by the adoption of the revised laws.

Weaknesses:

- Social and economic crises have been ongoing since before the pandemic, plus the more recent implosion of the armed conflict.

- Public commitment to economic austerity measures imposed by “aid” received during the pandemic.
- High work informality leaves many people without formal contracts or social security contributions, limiting their access to essential labour protections and social benefits.
- A lack of dedicated budget allocations for the newest and most ambitious care-related laws.
- Lack of clarity within the rectory institutions on their implementation.
- A narrow understanding of care, with insufficient protection for caregivers and limited involvement of them in shaping and implementing public policies.
- Reinforcement of the unequal distribution of care (providing more maternity than paternity leave).

4.8.3 Link between the financing scheme and the tax system’s redistributive capacity

When effective, personal income taxes are the main automatic fiscal stabilisers available to countries going through socio-economic fluctuations. The empirical evidence in Ecuador²⁷, however, states that their scope and enforcement were limited during the COVID-19 pandemic. In particular, the almost imperceptible adjustment provided by PITs in Ecuador was concentrated in the top income decile in all cases. The prevalence of informal employment and the high level of exemptions and deductions are among the causes of this result.

27. <https://www.iser.essex.ac.uk/wp-content/uploads/files/working-papers/cempa/cempa8-21.pdf>

Further, the revised tax evasion and avoidance levels undermine the redistributive capacity of income taxes and the equity of the Ecuadorian tax system²⁸. As a result, reductions in the Gini coefficient due to PIT result in a 2% decline in the country’s inequality, compared to the 12.5% observed in the European Union (EU)²⁹. Furthermore, when examining changes in earnings and total income across the top and bottom quintiles, both groups experience similar proportional changes, resulting in little to no impact on the income gap.

28. Idem 17

29. Idem 15

In 2022 Ecuadorian taxpayers in the highest decile received 35% of the national income, more than double the joint income received by the first five deciles in the same year³⁰. At the same time, the effective tax rate for the tenth decile in Ecuador averaged just 3.4%, a distressing contrast to the 21.3% average of the EU³¹.

30. <https://repositorio.cepal.org/server/api/core/bitstreams/7ddf434a-6073-4f1e-8b71-a6639e4586d5/content>

31. Idem 15

4.9 Conclusion and recommendations

As the world navigates simultaneous complexities and rapid transformations, the care economy offers an invaluable opportunity to recentre economic thinking and decision-making on what matters most: the sustenance and dignity of life in all its forms. By embracing innovative strategies and collaborative frameworks, new pathways can be unlocked for enhanced societal well-being and economic prosperity (WEF 2024).

Some literature recommendations regarding tax initiatives that could finance such transformation include the review rates' level, quantity and breadth; strengthening the taxation of high-income and high-net-worth individuals (HNWIs); achieving compatibility between different types of taxes; inclusion of self-employed workers; and strengthening care knowledge of tax administrations and policymakers.

Income and asset taxes complement each other to make the tax system fairer. These are broadly progressive and respond to the principle of taxable capacity. Their different timings and scopes can guide the confirmation of taxpayers' statements and provide financing to fight the dangerously high existing socioeconomic inequality.

On the spending side, it is necessary to establish legally binding budget allocations (earmarked taxes for care policies, for instance) and a clear definition of institutional responsibilities in implementing care measures.

Finally, information is the only way toward a more sensitive population. It is essential to address the lack of disaggregated data that reveals the differing burdens on women and men, as well as the full contribution of unpaid work to the country.

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Chapter 5

Funding care and social services in Paraguay: a case study

5.1 Introduction

Paraguay has not yet established a formal care policy. In 2023, after several years of work between the Ministry of Women, some civil society organisations, and international cooperation, the Executive Branch proposed the creation of a Care System to the National Congress. However, it is still awaiting approval. This law seeks to clarify the state's obligations regarding care and to ensure the progressive implementation and efficient governance of the care policy.

Although there are currently some interventions that are part of a care policy, their coverage is low and without the capacity to achieve recognition, redistribution, and reduction of care work.

In Paraguay, there are no specific studies on the transformative capacity of fiscal policy in the social organisation of care. On the one hand, the budget classifier does not allow a direct distinction to be made between the programs and projects included in this policy, which makes it necessary to analyse the entire budget in order to calculate the fiscal priority of care. That said, the few existing programs have low coverage, which makes it impossible to analyse their distributional effect using existing instruments such as household surveys.

This case study examines the available evidence in Paraguay to explore financing mechanisms and identify opportunities for transforming the social organisation of care in ways that reduce gender inequalities.

5.2 Characteristics of the tax system

Paraguay has large social debts and deficits in guaranteeing economic, social, and cultural rights. With insufficient revenue,

the state cannot provide goods and services to improve well-being and reduce inequalities. Paraguay is among the countries with the lowest tax burdens in Latin America. In 2023, while the average tax burden in LAC was 21.3%, Paraguay's tax burden was 14.5%, far below countries such as Brazil with 32.0% and Uruguay with 27.4% (CEPAL et al. 2025). As in the rest of the region, its tax system is highly inequitable, relying heavily on indirect taxes, unlike developed countries where direct taxes carry greater weight.

In 2022, the total tax burden amounted to 14.1% of GDP, comprising taxes at 10.3% (3.0% direct taxes and 7.3% indirect taxes), social contributions at 1.2%, donations at 0.6%, and other resources—mainly royalties and compensations—at 2.0% (MEF 2023). There are several reasons for the low tax burden, the most important of which are low nominal tax rates, evasion, avoidance, and tax expenditures. In Paraguay, taxes on personal and corporate income each account for barely 10%.

In addition to the low tax rate, there are tax deductions and exemptions. Total tax expenditure amounts to 1.2% of GDP and represents 10% of total tax revenues, 14% of social spending, and 34% of capital spending. Tax expenditure derived from VAT exemptions on food represents 0.2% of GDP, compared to 0.3% for income tax exemptions (personal and corporate) (OECD 2024).

These data highlight the need for thorough evaluations of tax expenditures to create fiscal space for social investment, particularly in care policy. Food deductions are likely to benefit poor women because of their role in the gendered division of labour and the number of hours spent daily managing food. The concentration of women in the lowest income strata, and especially those living below the poverty line, is 122 women for every 100 men in poor households (CEPAL 2024).

A study by the Undersecretary of State for Taxation (SET) analysed the participation of women entrepreneurs in the tax system and found that the proportion of women entrepreneurs (35%) is much smaller than that of male entrepreneurs (65%) (Eurosocietal 2021). Analysis of average income levels confirms that women are concentrated in the lower-income brackets, which limits their access to tax benefits for entrepreneurs.

Tax evasion is the second cause of low tax revenue and thus low tax burden. According to a report presented by SET, VAT evasion in 2014 amounted to USD 573 million, representing 30.9% of the potential revenue. This rate is higher than the average for Latin America, 25.9%. The study shows that the sectors with the highest rates of evasion, as a share of the total, are commerce (18.0%), agriculture (18.0%), and construction (17.0%). This suggests that there is scope for improving collection (Borda and Caballero 2017).

Avoidance is another problem facing the Paraguayan tax system. One of the most important forms of avoidance is carried out by transnational soybean companies through what is called “aggressive tax planning” in their international trade processes. These companies take advantage of institutional weaknesses at the national level and the existence of tax havens to move profits from one country to another without paying taxes. According to the Tax Justice Network (2021), Paraguay is one of the few Latin American countries that still does not participate in the automatic exchange of information framework. It is also one of the countries that is most at risk due to the weight of its exports.

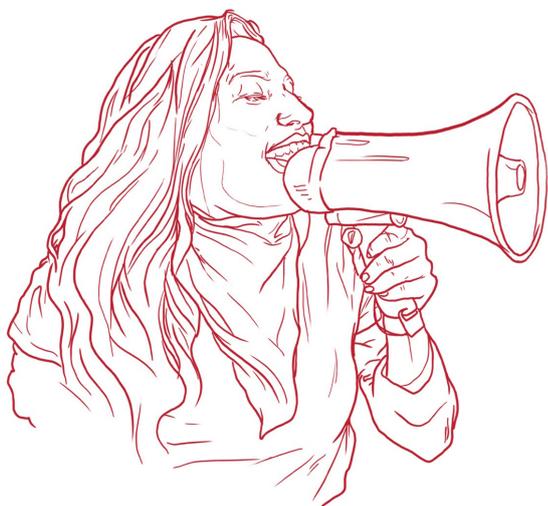
Paraguay also levies a property tax, but its design and high levels of evasion limit effective collection.

5.3 Social organisation of care and the role of the state

The importance of care as the basis of life and of the economic system allows us to place this work at the centre of social reproduction and women as the sustainers of the entire social and economic fabric. The enormous amount of work and care that women have always carried out allows the social and economic system to continue to function (Carrasco 2017).

Estimates show that the contribution of unpaid work time in Paraguay was equivalent to 22.4% of GDP in 2016. The contribution is similarly distributed between care and domestic activities (10.2% and 12.2% of GDP, respectively). More than three-quarters of the estimated contribution to GDP is produced by women, which is three times higher than that generated by men. The value of

women's production amounts to 17.1% of GDP while that of men amounts to 5.4% (OCR et al. 2021).



In 2016, when compared to the economic structure measured at current values, the contribution of unpaid work exceeded that of any single economic sector. The value of domestic or care work alone was roughly equivalent to the primary sector (11%) or commerce (10.1%) (BCP 2021). The Time Use Survey 2016 found that 61% of women performed unpaid care and domestic work compared to 39% of men. They also spent significantly more hours per week: 28.7 hours compared to 12.9 hours.

Dividing unpaid work into domestic and care work reveals different profiles. The profile of the production of care hours peaks at 29 years in women, coinciding with the burden of caring for children from 0 to 5 years, while in men the production of care is lower and skewed to the right (peaks at 35 years). This may be due to men becoming parents at a later age and their care of children aged 0–5, as well as the fact that they appear to be more involved in caring for 6-14-year-olds, though still to a lesser extent than women. On average, women aged 14 and above spend approximately two hours a day on caregiving, a figure that doubles between the ages of 25 and 37. For men, caregiving takes less than an hour a day.

Women are also the main players in communities when it comes to organisations that fill the gap in childcare and eldercare facilities. The survey also shows that women spend 8.7 hours per week on activities for other households or for their community, compared to men who spend 5.1 hours per week (INE 2017).

Women's role as caregivers starts in the family, but also extends to the market. A large part of the care occupations in the labour market are performed by women, such as health and education services at the initial levels, domestic work, babysitting or accompanying the elderly.

Compared with 13 other Latin American countries, the CEPAL report (2012: 34) highlights the significance of the care sector in

Paraguay in 2010. The Latin American average is 6.7% of the total number of employed persons, Uruguay (9.2%), Brazil (8.5%), Chile (8.3%), Costa Rica (7.8%) and Paraguay (7.7%) are above average, while the rest of the countries are below average. Within the employed population, two main types of care work are identified: domestic work and other caregiving roles. Paraguay stands out as the country with the highest share of domestic workers (6.8% of the total employed population), exceeding both the regional average (5.0%) and the next highest country, Uruguay (5.8%).

Of the total number of people employed in the care sector, women account for just over 97% of the population employed in this sector, and only El Salvador has a slightly higher share (97.1%). Therefore, the care sector is almost entirely feminised (ECLAC 2012: 143).

Using the Paraguayan classifiers of occupations and activities, the Permanent Household Survey 2019 allows us to quantify and analyse the care sector, reaching similar conclusions almost a decade later. That year, this sector represented 7.2% of the national average; however, for women it increases to 16.5%. While in the total employed population women make up 42.5%, in the care sector this proportion rises to 97.7%. In other words, almost the entire care sector is occupied by women, due to the importance of domestic service where women account for 98.6% of the employment. Domestic work accounts for 89.8% of the sector. The remainder is found in childcare and early childhood/preschool teaching, plus social services and health (social workers, nursing, midwifery, mid-level health personnel).

5.4 Analysis of care financing and its connection to the tax system

Paraguay does not have a care policy or a functioning care system. However, there is a set of interventions but with low coverage and segmented in economic terms, which does not contribute to the reduction of economic or gender inequalities. On the one hand there are paid maternity and paternity leaves³². These licenses are granted to employees who are in social security to which workers, employers and the state contribute. One condition for accessing social security is that work must be performed under a formal, salaried employment relationship, meaning only 25% of

32. The leaves include 126 days for women and 14 days for men with 100% of salary paid.

33. Paraguay has high labour informality (65% with respect to the employed population, with a slightly higher level for women), to which must be added the 43% of women who remain outside the labour force dedicating themselves full time to care or domestic work.

34. Social security in Paraguay includes access to health insurance, sick/maternity/paternity leave and old age pension.

the employed population is covered. Data show that coverage is concentrated among workers with higher incomes and education levels³³.

Domestic work has legal coverage; however, the high levels of evasion make this occupation one of the least covered in practice. Ninety-eight percent (98%) of the population employed in domestic work is not covered by social security³⁴ (INE 2024).

Men are also granted paid leave but for a much shorter period. These licenses and their associated benefits are generally intended for childcare, but do not extend to the care of elderly, sick, or disabled individuals.

There are programs aimed at caring for children aged 0 to 5 years. Most of them are framed in educational policy (care for children aged 0-5 years) or social protection (childcare centres for working mothers). These are funded through taxes, which limits their coverage and quality due to the low fiscal priority assigned to spending in both sectors. Programs aimed at caring for the elderly are scarce and have no weight in official statistics.

The main concern regarding childhood relates to the country's demographic structure. Paraguay is relatively young, benefiting from a demographic dividend lasting around 20 more years. However, the rapid aging of the population is not matched by corresponding policy debates or the implementation of measures to address this transition. Demographic transformations are not limited to aging. Other changes that force us to think collectively about care policies are the urbanisation process, the systematic increase of female participation in the labour market, the increase in the number of single-parent households and households headed by women, and the large number of young people who neither study nor work in the labour market, among others.

Low tax revenues translate into a relatively small state. Paraguay has public spending of just over 20% of GDP, only above three countries – Panama, the Dominican Republic and Guatemala – compared to an average of 29.7% of GDP in Latin America and the Caribbean and 43.5% of GDP in OECD countries (Izquierdo et al. 2018: 53).

Low tax revenues in Paraguay result in limited social investment, leading to insufficient funding for care services. While the Latin American average is 13.0% with respect to GDP, that of Paraguay is 10.3%. The three main functions are health (3.0% of GDP), education (3.2% of GDP) and social protection (3.6%). International recommendations indicate that the minimum levels of health and education should be 6.0% and 7.0%, respectively.

It is important to note that the international classification systems commonly used by national financial administrations and in research do not allow for the direct identification of resources allocated to care, unlike allocations for education, health, social protection, housing, or security. However, given the definition of “care” and the objectives of a care policy, the resources involved are incorporated into the “social spending” purpose.

Based on the proposed UNFPA-UNIFEM (2006) methodology, the Ministry of Finance (2019) (currently the Ministry of Economy and Finance) carried out a study on the 2019 budget with a gender focus. The study classifies resources into “explicit”, “specific”, “indirect” and “public goods” and shows the low fiscal priority of social investment and resources destined for women, and especially those that aim to reduce gaps.

Programs with an explicit mandate to reduce gender inequalities— or whose design is known to have such potential— account for only 0.10% of the total budget. Programs that have funds specifically directed at men and women also have a low relative weight in the total budget – 1.68%. About 79% of these resources were directed towards women. Indirect programs, that is, those that have the potential to reduce gaps, but are not explicitly expressed in their rationale or objectives, represent 39.2%. Finally, 59.0% of the resources fall under the Public Goods category, meaning they are not specifically targeted and their potential to reduce gender gaps is unknown.

Studies assessing the redistributive role of fiscal policy using the income Gini index indicate that it has only a limited impact on reducing inequality and a modest, though positive, effect on poverty. Giménez et al. (2017) found that the contribution of the tax system to income redistribution was slightly positive, but remained among the lowest in the region. Furthermore, only a

quarter of the overall effect can be attributed to the tax system, making this effect marginal. This is due to the low progressivity of direct taxes. Estimates show that the 10% of the population with the highest incomes paid, on average, only 0.54% of their income in direct taxes in 2014, the second lowest contribution in LAC (Banco Mundial 2018: 13).

Most social protection policies related to care are implemented without a gender perspective, implicitly assuming that women should be the primary—or even sole—providers of care. The schedules of childcare centres or “parent” meetings at educational centres, paid leave for the birth of children, the granting of monetary transfers and compliance with the co-responsibilities of Tekoporã³⁵, are some of the signs that account for the implicit assumption of a nuclear family and the role of man as the “provider” and the woman in charge of care. Contrary to these assumptions, one-third of households have female economic heads—women who are the main providers—are self-declared female-headed, or are single-parent households made up of a woman and her children.

35. Program of monetary transfers to families with children and adolescents in situations of poverty or extreme vulnerability in exchange for meeting certain conditions: remaining in the educational system, vaccination and prenatal check-ups for pregnant women in the family. The cash transfer is given to the mother.

Policies aimed at the private sector, such as those for regulating and supervising the quality of services or training human resources, also have little coverage, all despite the potential that the labour market has in generating economic opportunities in the sector.

There are many reasons that justify the implementation of a care policy. Demographic changes will increase the demand for care to guarantee adequate child development and dignified, healthy and active aging. Women, as the main caregivers, suffer the consequences of the social mandate in the loss of economic autonomy and personal development; while the country loses their contribution to development.

5.5 Conclusion and recommendations

The two sources of financing care policies – taxes and social contributions – are reduced as noted in previous sections. The management of regulations and standards, time for care, care services, income transfers for care and the protection of workers in care occupations requires the implementation of a care policy

and the integration of universal and targeted interventions in an integrated and comprehensive system of care.

For care policies to have a transformative effect on the social organisation of care, it is not only necessary to guarantee equity in their implementation, but also financing. Therefore, resource mobilisation must be based on a fair fiscal system in which those with the greatest wealth and those who benefit most from economic growth contribute proportionally more.

5.5.1 Key recommendations

- Support international efforts to establish an intergovernmental body within the UN and to advance the implementation of taxes on wealth, corporations, and environmentally harmful activities, all framed with a gender perspective.
- Support the creation of an intergovernmental body at the UN to establish a convention to set global rules on tax and illicit financial flows.
- Enhance domestic resource mobilisation through progressive tax reforms:
 - Increase revenue by reducing tax evasion and avoidance, and by strengthening the progressivity of the income tax.
 - Update real estate tax: this tax is collected by municipalities, a fundamental institution for the implementation of territorial-based care policies. The tax base is currently very low and should be updated to reflect market land values.
 - Raise PIT from 10% to the average level in Latin America. The higher the income, the higher the rate.
- Evaluate tax spending and eliminate privileges that have no effect on the population.
- Improve accountability and transparency by making (anonymised) tax databases available to the public.
- Approve the legal framework that institutionalises the care policy and system, and allocates sufficient tax resources for its financing.

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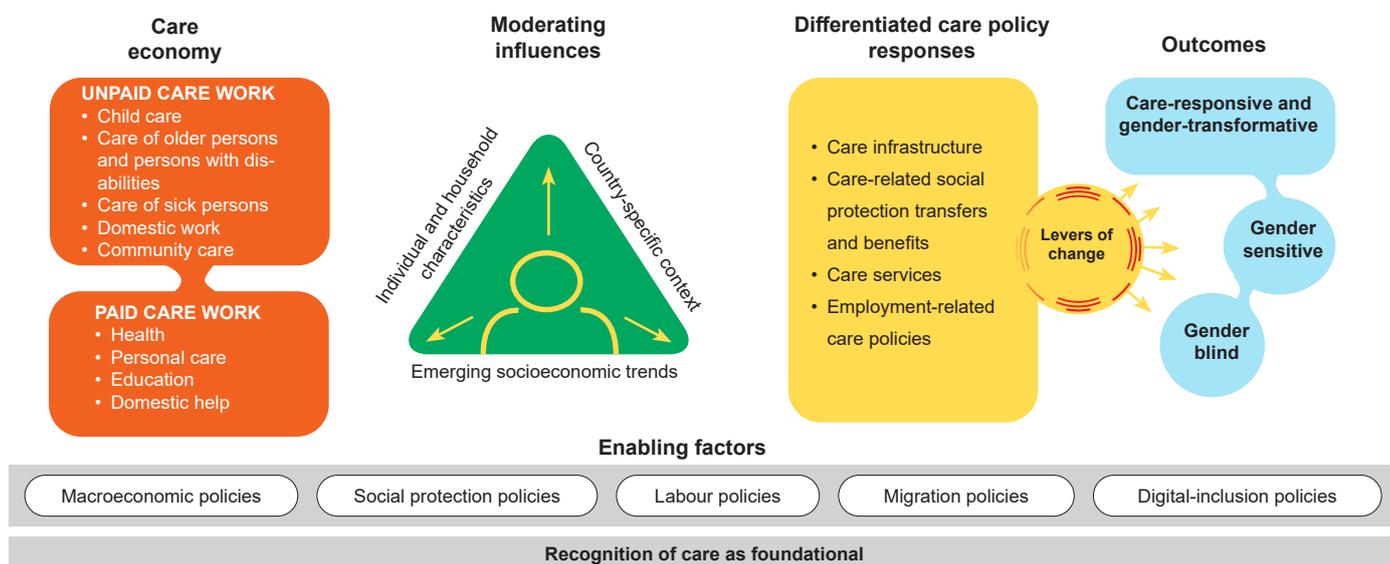
Chapter 6

Recognition and financing of care work in the Philippines

6.1 Introduction

Across successive administrations in the Philippines, there has been a consistent recognition of the importance of both paid and unpaid care within the care-sensitive and gender-responsive policies outlined in the ASEAN conceptual framework (ESCAP 2022). This case study discusses the financing of both paid and unpaid care work in the health, education, social protection and domestic work sectors in the Philippines. It examines trends over several years, compares them with those of other ASEAN member states, and assesses the quality of spending where possible.

Figure 8: Conceptual framework for care-sensitive and gender-differentiated policies



Source: Adapted from ESCAP, 2021a, p.14

6.2 Characteristics of the tax system

The Philippine tax system is characterised by a heavy reliance on consumption taxes, particularly the value-added tax (VAT), and

relatively modest direct taxation on income and wealth. While these features make tax collection administratively efficient, they also contribute to gender bias and unequal impacts on care responsibilities. Consumption taxes disproportionately affect women, who often bear the primary responsibility for unpaid care work and household consumption, especially in lower-income households.

Meanwhile, tax policies rarely account for the costs of care work, whether through credits, deductions, or exemptions that recognise caregiving responsibilities. As a result, the current fiscal framework indirectly reinforces existing gender inequalities by placing a larger relative burden on women and failing to incentivise or support the provision of both paid and unpaid care services. Reforming the tax system to incorporate gender-responsive measures could help redistribute the fiscal load more equitably and strengthen the financing of care systems across the country.

6.2.1 Unpaid care work

Women's unpaid care work has been estimated to be worth about 37% of GDP. A study on National Transfer Accounts and National Time Transfer Accounts for the Philippines (Floro and King 2023) found that the gendered division of roles between men and women persists across the life cycle and begins at an early age. Researchers observed that by age 15, girls spend an average of nine hours of their time every week on housework, compared to an average of four hours by boys. This indicates that the socialisation of gendered norms and attitudes begins early within families, and that efforts to shift these norms must also start early.



The Philippines ranks 17th in the world in terms of reducing its gender gap on various economic, political and social measures (WEF 2021) and is the only country in Asia to make it into the top 20 of that ranking. However, the female labour force participation rate is only 47.6%, compared with 74.8% for men (ASEAN Secretariat 2020). This gap reflects the disproportionate burden

of unpaid care and domestic work carried by women, which limits their ability to participate fully in the paid economy (UNESCAP 2022).

There are robust initiatives in place to address unpaid care and domestic work across several care policy areas, including care infrastructure³⁶, care-related social protections³⁷, care services³⁸ and employment-related care policies³⁹. The Women in Nation Building Act 1995, for example, provides for voluntary social security coverage for married persons who stay at home full time to manage the household and family affairs. This entitles them to voluntary coverage under the affordable housing fund PAG-IBIG (Pagtutulungan sa Kinabukasan, Ikaw, Bangko, Industria at Gobyerno), as well as the Government Service Insurance System or Social Security System, up to half of the working spouse's salary and benefits, from which the corresponding contributions are also drawn.

In another example, the Solo Parents' Welfare Act of 2001 provides for single parents and their children through programs such as social protection, livelihood assistance, counselling and legal services. In 2022, the scope of the Act was expanded and the definition of solo parents now included spouses or any family member of an overseas foreign worker (OFW), or the guardian of the child or children of an OFW, provided that the OFW is categorised as low or semi-skilled; and also to pregnant women who provide sole parental care and support to their unborn child or children⁴⁰.

6.2.2 Paid care work

In terms of paid care work, health financing is derived from four main sources as illustrated in Figure 9: i) national and local governments; ii) social health insurance through the Philippine Health Insurance Corporation (PhilHealth); iii) out-of-pocket (OOP) spending; and iv) other private spending including private health insurance and donor funding, among others.

At 54% of total health expenditure, OOP spending comprises the biggest source of healthcare financing⁴¹. Unfortunately, this pushes many Filipinos into poverty, with the Philippine Statistics Authority estimating that 1.5 million people are impoverished each

36. Water, sanitation, energy, transport, food services, health care infrastructure for persons who are sick (HIV patients, COVID-19 patients) or living with a disability and pregnant women

37. Cash transfers, cash for care, vouchers, tax benefits, non-contributory pension schemes.

38. Childcare, care of the elderly and care provision for persons living with disabilities or illness through the state or the market

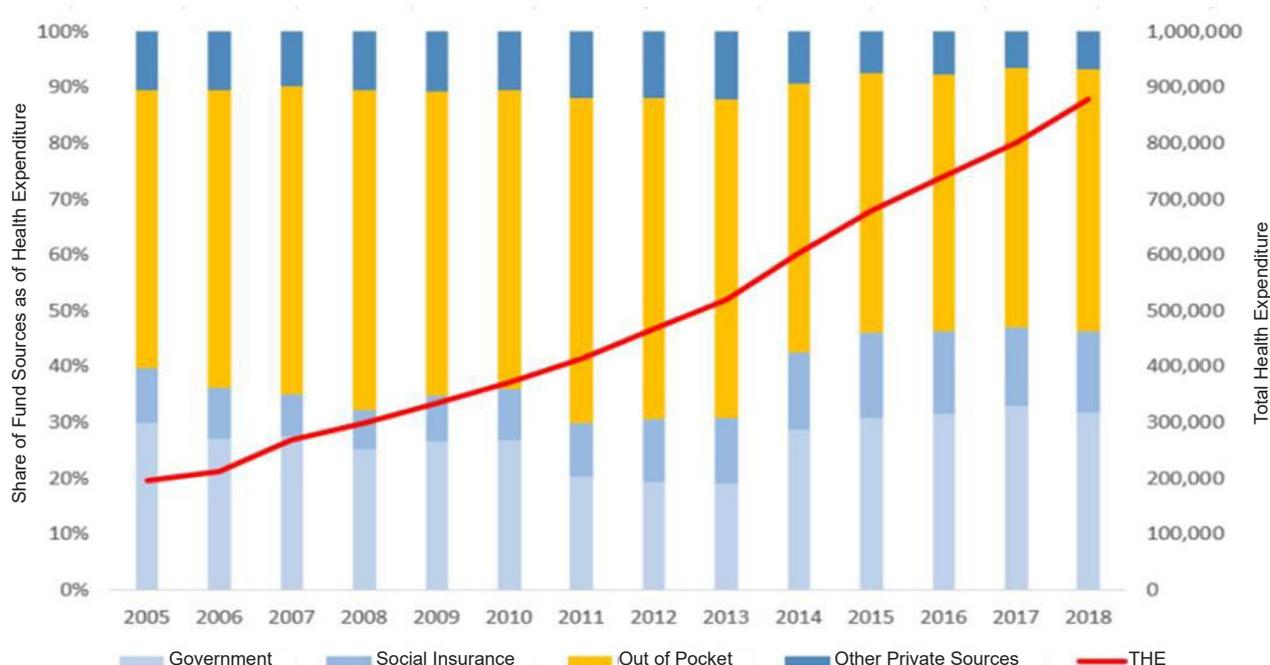
39. Sick leave, family-friendly working arrangements, flexitime, career breaks, sabbaticals, severance pay, employer-funded or contributory social protection schemes like maternity and parental leave benefits.

40. An Act Providing for Benefits and Privileges to Solo Parents and their Children, Appropriating Funds Thereof and for other purposes, Republic Act No. 118611, 20220604-RA-11861-RRD.pdf (officialgazette.gov.ph)

41. The Strategic Purchasing for Primary Health Care (SP4PHC) project aims to improve how governments purchase primary health care (PHC) services, with a focus on family planning and maternal, newborn, and child health (no date) The Strategic Purchasing for Primary Health Care (SP4PHC) Project. https://thinkwell.global/wp-content/uploads/2020/12/PH-UHC-Law-Series_Health-Financing-final_updated.pdf

year due to health-related expenses. Higher income groups are able to access healthcare services and while they also pay OOP, they benefit from public subsidies as there is no preferential access for the poor in the Philippine health system (Solon et al. 2017). In order to promote access to healthcare by the poor, subsidies on higher income groups need to be transferred to lower income groups. Increasing premium contributions by higher income groups would also promote equitable financing of healthcare.

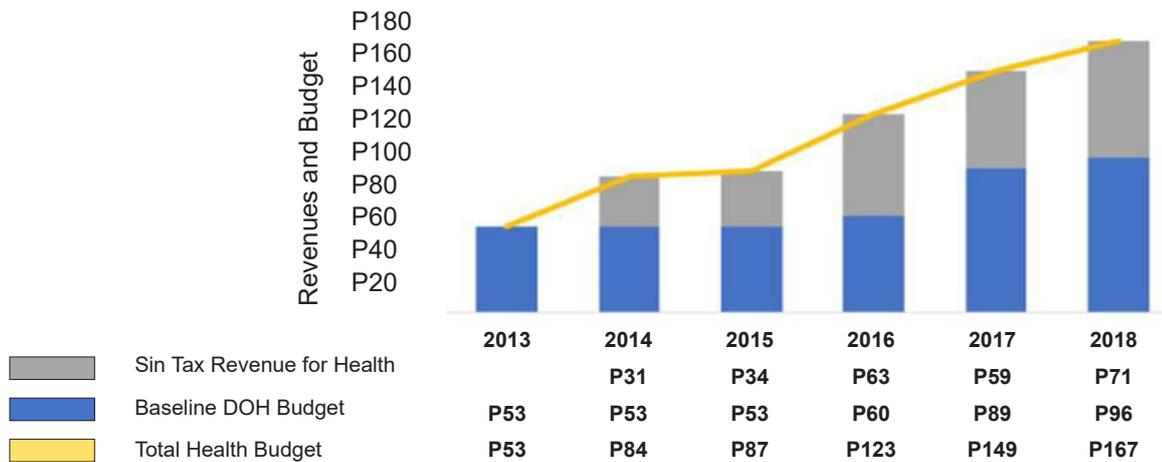
Figure 9: Health expenditure and share of sources of funds in the Philippines, 2005-2018, in million PHP (PSA 2019)



42. Vera Files Fact Sheet: Sin taxes for health and livelihood explained, (Jan 13, 2019) <https://verafiles.org/articles/vera-files-fact-sheet-sin-taxes-health-and-livelihood-explai>

As a positive measure for raising revenue and repricing harmful products, the 2012 Sin Tax Law introduced taxes on alcohol and tobacco, with the proceeds earmarked for health. This revenue is specifically earmarked for premium subsidies, the Department of Health (DOH) and medical assistance plus health facility enhancement programs (Figure 10). It is reported that since 2015, about 40% of the DOH’s budget has been made up of sin tax revenues⁴².

Figure 10: DOH budget, 2013-2018, in billion PHP (DOH 2019)



In terms of health allocations, 8.46% of the total national budget was allocated to health, and this, relative to the total budget has not moved more than five percentage points over the last 10 years (Figure 9). Per capita spending relative to budget and to GDP has, in general, been on an upward trend.

Compared with other ASEAN countries, the Philippines ranks around the middle in healthcare spending. It ranks 12th out of 24 countries, lower than Japan and New Zealand which spend 22.7% and 18.7%, respectively, but higher than Myanmar and Laos which spend 3.6% and 3.4%, respectively⁴³.

43. Health financing and budgeting practices for health in the Philippines | READ online (no date). https://read.oecd-ilibrary.org/governance/health-financing-and-budgeting-practices-for-health-in-the-philippines_budget-18-5j8jt0pt1hq6#page26.

Regarding paid care work in education, the Philippines has allocated between 15% and 20% of the total national budget to the education sector over the past decade (Tenazas 2022). This meets the minimum standards recommended by the Incheon Declaration (UNESCO 2015) on budget allocations for education. In terms of allocation relative to GDP, at 3.9%, this fails only slightly to meet the 4% of GDP benchmark of the Education 2030 Agenda and Framework of Action.

When assessing education sub-sectors, the Philippines allocated the majority of its education budget—83% in 2020—to pre-primary, primary, and secondary education combined, indicating that, at least in financial terms, policy objectives aimed at achieving equitable educational outcomes are being supported⁴⁴. In terms of early childhood education (ECE), UNICEF recommends that

44. unesdoc.unesco.org/ark:/48223/pf0000384382/PDF/384382eng.pdf.multi

45. Investing in day care workers is an investment in the future- UNICEF. <https://www.unicef.org/philippines/press-releases/investing-day-care-workers-investment-future-unicef>

46. Other policy relevant indicators : Total net enrolment rate by level of education. <http://data.uis.unesco.org/index.aspx?queryid=3813>

47. PBEEd. State of Philippine Education Report 2023. <https://pbed.ph/blogs/47/PBEEd/State%20of%20Philippine%20Education%20Report%202023>.

48. Philippines | Factsheets | OECD PISA 2022 results

49. Philippine Statistics Authority, 2020 Census of Population and Housing

governments spend at least 10% of their education budget on ECE; the Philippines spends about 7% on average⁴⁵.

Figures for pre-primary enrolment demonstrate poor uptake with only 10% of households enrolling children in pre-primary facilities. This means that the burden of early childhood care and development remains at the household level. To improve enrolment, early childhood centres need to operate for more than 2-3 hours per day to allow the primary caregiver to take on meaningful employment (Tongson et al. 2023).

At 91.87%, the Philippines has achieved near universal access to primary education⁴⁶. In terms of completion, 82.4% aged 25 and above reported completing primary education. The completion rate, however, for secondary education dropped to 30.5% for the same group. While 49% of individuals in the richest decile attended higher education, only 17% from the poorest decile could afford to do so⁴⁷.

In terms of quality of education, the Program for International Student Assessments (PISA) ranked the Philippines last among 79 participating countries and economies in reading, and second to last in science and mathematics. At least 78% of students in the country failed to reach minimum levels of proficiency in each of the three PISA subjects⁴⁸. The 2020 Census showed an overall literacy rate of 97% with females slightly ahead of males at 97.1% to 96.8%⁴⁹. Functional literacy (which includes numeracy) also revealed higher rates for females in many regions. For investments in education to yield results, key challenges must be addressed, including ensuring equitable access across all education levels, improving completion rates, and enhancing the quality of education.

Domestic care work both within and outside of the Philippines has long mirrored economic realities and in particular, the livelihood opportunities, or lack thereof in the country. There are over 2.5 million domestic workers locally, 97% of whom are female, 83% are live-in while 54.9% do not take any days off (Floro and King 2023).

Labour emigration in the Philippines has been an ongoing phenomenon with an estimated two million Filipinos working

in other countries in predominantly elementary sectors (44.4%) (Statista 2024) or sectors requiring basic literacy and manual skills such as domestic work and construction. They remit funds home equivalent to nearly 10% of the national GDP, with almost 200,000 of these workers employed in domestic work. The intersectionality of domestic work as well as migrant labour increases their vulnerabilities. As a result of the scale of this reality which has been characterised by overwork, low wages, sexual assault, and even murder, labour and migration protections have been put in place for overseas workers under the Migrant Workers and Overseas Filipinos Act⁵⁰

Notably, a minimum salary of USD 400 monthly for overseas domestic workers has been instituted through bilateral agreements and enforced through OFW welfare programs which include mandatory registration and monitoring. This has also benefited local domestic workers, who now receive a minimum wage of PHP 6,500 (approximately USD 96.93) monthly in the national capital from January 2024⁵¹ though domestic wages were espoused in the Domestic Workers Act⁵².

While remittance contributions to GDP demonstrate a positive effect on the Philippine economy, the prolonged and frequent separation of families as a result of labour exportation not only contributes to brain drain, but also weakens the social fabric and has long-term impacts on the mental, physical and health wellbeing of separated families.

6.3 Structure of the care system and public financing⁵³

In the Philippines, an estimated 18.1% of the population or 19.9 million live below the poverty line⁵⁴. Unemployment is estimated at 4.3% and underemployment at 12.3%⁵⁵. There are more than 60 social protection programs, and many beneficiaries participate in several of them concurrently. In general, there has been a recognition of the need for greater coordination and synchronisation among these interventions including across sectors and institutions, as well as enhancing governance and mechanisms to improve access to social protection interventions at the local level.

50. Long-term effects of labour migration in the Philippines: "Napakasakit, kuya Eddie!" <https://www.econstor.eu/bitstream/10419/284616/1/pidsdps2317.pdf>

51. Philippine Review of Economics, June 2023

52. *Republic Act No. 10361*, known as the Domestic Workers Act or Batas Kasambahay

53. A public expenditure review of social protection programs in the Philippines. <https://www.pids.gov.ph/publications/6733>

54. Poverty data: Philippines. <https://www.adb.org/where-we-work/philippines/poverty#:~:text=In%20the%20Philippines%2C%2018.1%25%20of%20a%20day%20in%202022%20was%202.2%25.>

55. Labour Force Survey, Philippine Statistics Authority. <https://psa.gov.ph/statistics/labor-force-survey>

Figure 11: Social protection programs in the Philippines



Philippine Government's Key Social Protection Programs, 2009 - 2027

TYPE OF PROGRAM	NAME OF PROGRAM	IMPLEMENTING AGENCY
LABOUR MARKET INTERVENTIONS	Special Employment Program for Students	DOLE
	Education Assistance Program	NCIP
BIEN ÊTRE SOCIAL (Programmes à long terme)	Livelihood and Self-employment Programs; Pantawid Pamilyang Pilipino Program; KALA-HI-CIDSS; Malusog na Simula; Mayaman na Bansa; Supplemental Feeding Program	DSWD
	School-based Feeding Program	DepEd
	Rice Price Subsidy, Implicit Subsidy	NFA
	Seed and Fertilizer Subsidy	DA
	Family Welfare Program / Workers with Special Concerns; Assistance to Displaced Workers – Adjustment Measures Program	DOLE
SOCIAL SAFETY NET (Emergency/short-term programs)	Core Shelter Programs; Assistance to Individuals in Crisis Situations; Katas ng VAT para kay Lolo at Lola; Katas ng VAT Pantawid Kurlyente	DWD
	Emergency (Calamity) Loan	GSIS
SOCIAL INSURANCE	PhilHealth Indigent Program	PhilHealth
	Social Pension for Indigent Senior Citizens	DSWD

DOLE – Department of Labor and Employment, NCIP – National Commission on Indigenous Peoples, DSWD – Department of Social Welfare and Development, DepEd – Department of Education, NFA – National Food Authority, DA – Department of Agriculture, GSIS – Government Service Insurance System, PhilHealth – Philippine Health Insurance Corporation
 NOTE: The list includes social protection programs initially identified by the National Social Protection and Welfare Program Cluster of the Philippine Government in an earlier version of this Public Expenditure Review drafted for the World Bank in 2013, as well as the updated versions of these programs. It also includes new social protection programs, and all programs receiving budgetary allocation from 2009 to 2017, with the exception of the NFA implicit subsidy and the GSIS Emergency (Calamity) Loan.

The Enhanced Social Protection Operational Framework (Figure 11) comprises (Cuenca et al. undated):

1. Social welfare programs which provide basic protection to the poor, excluded, discriminated against, and marginalised; preventive and developmental interventions aimed at supporting the minimum basic requirements of the poor (e.g., Pantawid Pamilyang Pilipino Program (4Ps), Department of Labour and Employment (DOLE)-coordinated National Convergence Plan Against Child Labour in the Philippines, DSWD’s Supplementary Feeding Program, and DSWD’s Social Pension for Indigent Senior Citizens).

2. Social insurance and related programs which include premium-based schemes that protect households from lifecycle and health-related risks (e.g., old age, illness, and disability). Examples include the expanded PhilHealth coverage and expanded coverage for work-related contingencies under the Employees Compensation Program.
3. Social safety nets which refer to time-bound (i.e., short-term) stop-gap and bridge measures (e.g., cash transfers, food-for-work programs, and emergency and employment programs) designed to support affected families during a crisis, helping them until they are able to generate their own income and secure their future needs.
4. Labour market interventions which comprise employment facilitation schemes, active labour market programs (ALMPS), and emergency and guaranteed employment. Examples include DOLE's free placement and job-assistance services, career guidance and counselling, and skills training; DOLE's convergent programs (e.g., institutionalisation of the Philippine Qualifications Framework, strengthening of Public Employment Service Offices, and improvement of Phil-Job Net through the integration of the Skills Registry System and DOLE Human Resource Data Warehouse) to address job-skills matches and to increase employability of the Filipino workforce.

Conditionalities showing the categories of the 4Ps relative to the target beneficiaries, cash grants and purpose of the program are presented in Table 7.

Table 7: Conditionalities outlining 4Ps beneficiary categories, cash grants, and programme objectives

Category	Conditionality	Target beneficiaries	Cash grant	Purpose
Health	Avail pre- and post-natal care	Pregnant women	Part of total cash grant (Php 500/month approx. for health)	Reduce maternal and child mortality; ensure healthy pregnancies
	Deliver in a health facility with skilled professionals	Pregnant women	Included in health grant	Safe childbirth
	Regular growth monitoring & immunisations	Children 0–5 years	Included in health grant	Improve child health and development
	Health check-ups for illnesses and development	Children 0–5 years	Included in health grant	Early detection and treatment of illnesses
Education	Attend at least 85% of class days	Children 6–14 years (elementary)	Php 300/month per child	Increase school attendance; reduce dropouts
	Attend at least 85% of class days	Children 15–18 years (high school)	Php 500/month per child	Promote secondary education
Family Development	Attend Family Development Sessions (parenting, nutrition, health, financial literacy, gender equality)	Adult beneficiaries (usually mothers)	Part of overall grant	Empower parents; improve household decision-making

56. Asian Development Bank. Expanded Social Assistance Project (RRP PHI 52257-001) <https://www.adb.org/sites/default/files/linked-documents/52257-001-sd-04.pdf>

57. Households receive cash grants if children stay in school and get regular health check-ups, have their growth monitored, and receive vaccines. Pregnant women must get pre-natal care, with their births attended to by professional health workers. Parents or guardians are required to participate in monthly community-based Family Development Sessions to learn about positive child discipline, disaster preparedness, and women’s rights. Beneficiaries are objectively selected through the *National Household Targeting System*, also known as *Listahanan*, which is based from a survey of the physical structure of their houses, the number of rooms and occupants, their access to running water, and other factors affecting their living conditions. *FAQs about the Pantawid Pamilyang Pilipino Program (4Ps)* (worldbank.org)

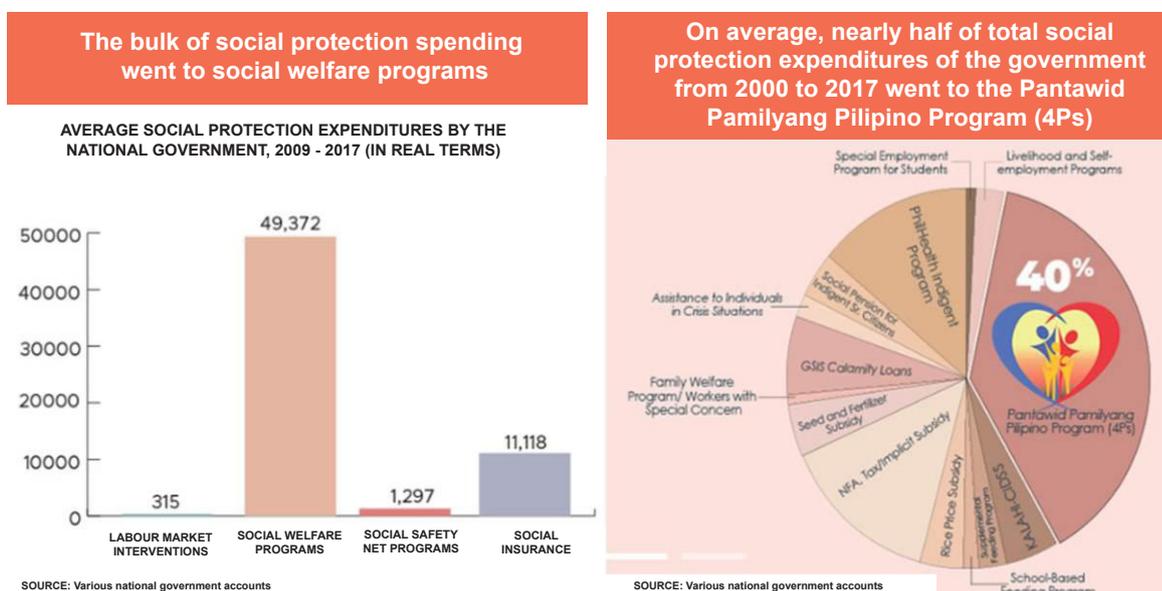
The conditional cash transfer program (*Pantawid Pamilyang Pilipino Program*) has one of the highest beneficiaries in the world at 20.2 million, and covers more than two-thirds of the poor population. This is well above the global average of 42.8% and overall population at 26.2%⁵⁶. It provides cash transfers to poor families to help them meet their basic needs, including education expenses such as school supplies, uniforms, and transportation costs and has been successful in increasing school enrolment and reducing dropout rates in poor communities, particularly among girls. A World Bank study estimates that the program has led to a poverty reduction of 1.4 percentage points per year or 1.5 million less poor Filipinos⁵⁷. The World Bank together with other partners such as the Asian Development Bank (ADB) and the Japan International Cooperation Agency (JICA) have also provided funding and technical assistance for 4Ps.

While the 4Ps⁵⁸ program is intended to support entire households, women, especially mothers, are the primary beneficiaries, reflecting the program’s emphasis on improving women’s health, education, and empowerment (Sannadan et al. 2022).

58. World Bank Group, “Through Thick and Thin: Philippines

About 1% of GDP or between 4.7-7.7% of the total budget is spent on social protection, with social welfare programs receiving the highest amounts (Figure 12).

Figure 12: Social protection spending in the Philippines



6.3.1 Public financing of care work

The Philippines has a tax-to-GDP ratio of 12.6% (2023), which falls below the World Bank’s recommended minimum of 15% for financing development, and well below the Asia–Pacific regional average of 19.8% (OECD 2023). Revenue sources relative to GDP indicate that 39.8% comes from taxes on income and profits, followed by social security contributions at 26.2%⁵⁹.

59. World Bank Group, Tax Revenue (% of GDP) – Philippines

Looking at taxes more deeply, relative to GDP, 4.3% comes from corporate income tax (CIT), 4.3% from taxes on specific goods and services (excise, import and customs duties), 2.3% from personal income tax (PIT) and 2.2% from value added tax (VAT). In the past five years, reliance on consumption taxes has increased, with

their share of total revenues showing a consistent upward trend. Reliance on consumption taxes generally has a disproportionate effect on women who spend greater proportions of their income on household goods subject to consumption taxes than men.

Due to the ASEAN integration, there was a reduction of CIT from 30% to 25% in 2020, and an expansion of tax incentives and exemptions for investors in 2016. Both of these factors could undermine efforts to reduce inequality through taxation, particularly if the revenue losses fail to achieve their intended goals and if public spending is not carried out in a progressive manner.

Under the Expanded Senior Citizen Act 2010, older persons benefit from special privileges including exemption from VAT on basic goods and services.

In terms of spending, the sectors which receive the greater allocations relative to others are the economic and social services sectors at 29% and 39.3%, respectively, for the 2023 financial year.

Table 8: National government expenditure by sector (FY 2021-23)

Sector	Levels, in Billion Pesos			Percent Share to Total (%)			Contribution to Growth		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Economic Services	1274.6	1494.1	1528.5	27.7	29.7	29	3.4	4.8	0.7
Social Services	1816.6	1932.4	2070.7	39.5	38.5	39.3	1.4	2.5	2.8
Defense	212.4	221.1	250.7	4.6	4.4	4.8	0.8	0.2	0.6
General Public Services	849.9	834.7	807.2	18.5	16.6	15.3	0.1	-0.3	-0.5
Net Lending	17.9	28.7	28.7	0.4	0.6	0.5	-0.1	0.2	
Interest Payments	429.4	512.6	582.3	9.3	10.2	11.1	1.1	1.8	1.4
TOTAL	4600.8	5023.6	5268.0	100.0	100.0	100.0	6.8	9.2	4.9

Source: BESF 2023

When assessed further, within social services, the largest allocations go towards education and social security. The figures for welfare and employment stand at 17.2% and 9.9%, respectively. This suggests that spending is put towards progressive and equitable outcomes which benefit the care economy.

Table 9: National government expenditure program by sector (FY 2021-23)

Particular	2021 Actual	2022 Program	2023 Proposed	Difference				% Share to Total NG		
				Amount		in Percent		2021	2022	2023
				21-22	22-23	21-22	22-23			
ECONOMIC SERVICES	1,274.6	1,494.1	1,528.5	219.5	34.4	17.2	2.3	27.7	29.7	29.0
Agriculture, Agra. Reform	138.9	144.8	200.4	5.9	55.6	4.3	38.4	3.0	2.9	3.8
Natural Resources & Env't	27.0	27.1	25.8	0.1	-1.3	0.2	-4.8	0.6	0.5	0.5
Trade and Industry	10.6	12.4	10.6	1.9	-1.8	17.7	-14.7	0.2	0.2	0.2
Tourism	5.1	5.8	5.9	0.7	0.1	13.6	1.3	0.1	0.1	0.1
Power and Energy	14.9	14.5	14.5	-0.4	0.0	-2.6	0.2	0.3	0.3	0.3
Water Resources Dev't & Flood Control	87.2	103.4	93.7	16.2	-9.7	18.6	-9.4	1.9	2.1	1.8
Communications, Roads & Transportation	682.6	786.0	819.8	103.4	33.8	15.2	4.3	14.8	15.6	15.6
Other Economic Services	39.9	40.0	46.4	0.1	6.4	0.2	16.1	0.9	0.8	0.9
Subsidy to LGUs	268.5	360.1	311.4	91.6	-48.7	34.1	-13.5	5.8	7.2	5.9
SOCIAL SERVICES	1,816.6	1,932.4	2,070.7	115.8	138.3	6.4	7.2	39.5	38.5	39.3
Education, Culture & Manpower Dev't	777.5	814.5	904.9	37.0	90.5	4.8	11.1	16.9	16.2	17.2
Health	316.6	279.5	308.3	-37.0	28.7	-11.7	5.9	6.9	5.6	5.9
Social Security, Welfare & Employment	425.9	446.5	520.7	20.6	74.2	4.8	16.6	9.3	8.9	9.9
Land Distribution (ARF)		0.1	0.1	0.1					0.0	0.0
Housing & Community Development	9.8	7.7	4.1	-2.1	-3.6	-21.2	-46.5	0.2	0.2	0.1
Other Social Services	3.0	3.4	3.4	0.5	0.0	15.6	0.1	0.1	0.1	0.1
Subsidy to LGUs	283.9	380.7	329.2	96.8	-51.5	34.1	-13.5	6.2	7.6	6.2

Source: BESF 2023

Note: Amounts are in billion pesos

6.4 Conclusion and recommendations

Care-related policies and the public finance system in the Philippines generally recognise the importance of financing care both in policy and law, as well as in budget allocation and implementation. The social protection programs in particular have done a lot to reduce poverty, and to improve women's health, education, and empowerment.

Although the system could allocate more to health and reduce reliance on out-of-pocket spending—especially for low-income groups—health allocations have nevertheless been rising. The complexities of the health finance and social protection systems, however, in terms of their multiple sources of finance and equally

multiple means of spending which do not always target the poor, need to be streamlined to promote efficiency and equality in both revenue collection and spending.

Education spending has fared well in relation to international commitments and equitable spending. However, more could be done to promote the services provided in pre-primary facilities to encourage the enrolment of pre-primary children including by extending service hours and improving the quality of education.

Tax revenue has in recent years increasingly relied on consumption taxes. Gender-responsive budgeting and taxation needs to ensure these measures do not disproportionately affect already vulnerable groups including women and the poor.

Domestic work, both within the Philippines and abroad, continues to receive growing government attention and prioritisation in terms of labour and migration protections. To reduce labour migration and the vulnerabilities faced by migrant workers – most of whom are employed in elementary sectors – and to mitigate the strain on families caused by prolonged separations, the Philippines needs to expand livelihood opportunities at home.

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Chapter 7

Senegal's social protection: gender gaps and the case for sustainable funding

7.1 Introduction

The current global economic landscape is characterised by multiple, overlapping crises. The post-Covid 19 economic crisis, the Russian-Ukrainian war, climate change and rising public debt⁶⁰ have slowed progress in reducing social inequalities. These crises have had a profound impact on young people, and especially on women, who remain the social group most exposed to poverty and vulnerability. Although they play a vital role in both society and the economy, they are largely employed in the informal sector⁶¹. Also referred to as the underground economy, the informal sector represents a substantial source of untapped fiscal potential. It is a growing contributor to GDP and represents a potentially significant source of tax revenue. In Senegal, 82% of women are employed in the informal sector, and 94.1% of women entrepreneurs operate informally, compared with 86% of men⁶².

At the same time, existing social protection is wage-indexed and generally benefits only those working in the formal sector. It is financed by resources from the contributory system and external resources. National solidarity must therefore form the foundation of social protection policies, addressing social inequalities by complementing formal systems with mechanisms tailored to informal workers and vulnerable populations. When designed with a gender perspective, social protection policies can play a critical role in reducing poverty and addressing gender-specific risks and vulnerabilities. Beyond financing through member contributions, these policies can be supported by more sustainable funding mechanisms, notably taxation. Financing social protection through stable and sustainable tax revenues is therefore a key priority for public authorities, as it reinforces the redistributive function of taxation and advances social justice, particularly for disadvantaged groups and women.

60. Senegal's public debt/GDP ratio had risen to around 79.6% in 2023, posing a risk to debt sustainability

61. The latter is defined as a set of units producing goods and services with the primary aim of creating jobs and income for the people concerned. These units, with a low level of organisation, operate on a small scale and in a specific way, with little or no division between labour and capital as factors of production. Labour relations, where they exist, are based mainly on casual employment, kinship relations or personal and social relationships, rather than on contractual agreements with due guarantees International Labour Office (ILO), 1993

62. WIEGO, Informal women workers in Senegal: statistical profile, 2022; https://www.wiego.org/wp-content/uploads/2022/04/WIEGO_Statistical_BriefN31_Senegal.pdf

63. WIEGO, Informal women workers in Senegal: statistical profile, 2022; https://www.wiego.org/wp-content/uploads/2022/04/WIEGO_Statistical_BriefN31_Senegal.pdf
64. The minimum age for marriage, which is set at 16 for girls and 18 for boys (article 111 CF); - The choice of residence for the household, which belongs exclusively to the husband (article 153 CF); - The exercise of paternal power by the father in his capacity as head of the family (article 277, paragraph 2 CF); - The subsistence of "marital power" over the wife (article 152 CF) the persistence of the patriarchal nature of society and the predominance of men at all levels of economic and social life
65. ANSD, General Population Census of Senegal, 2023; <https://ghdx.healthdata.org/record/senegal-population-and-housing-census-2023>
66. UNDP, Ministry of Finance of Senegal, Senegalese women's contribution to economic growth, Policy brief, 2017 <https://www.isdb.org/sites/default/files/medialdocuments/2020-09/Senegal%20Gender.pdf>
67. ILO/UN-WOMEN Senegal, Study on gender mainstreaming in the Simplified Social Protection Scheme for small taxpayers, 2021; <https://africa.unwomen.org/en/digital-library/publications/2022/11/6-key-recommendations-for-a-gender-responsive-social-protection-regime-in-senegal>

In Senegal, gender issues are addressed by public authorities through a dedicated legislative and strategic framework⁶³. The 2001 Constitution guarantees the equality of all citizens, without distinction of origin, race, sex or religion, and enshrines the principle of equality between men and women (art. 7). The Constitution also provides for the right to education for all, and equal access to land ownership and possession (art. 15). Despite advances in legislation, certain articles perpetuate discrimination against women and girls. Institutional mechanisms for promoting women's rights and gender equality in Senegal face numerous obstacles⁶⁴. Moreover, women represent 49.4% of the population⁶⁵, yet their activity rate is 33.3%⁶⁶ and they occupy 45.3% of informal jobs⁶⁷ characterised by precariousness, a lack of legal framework and social protection. However, they shoulder a significant tax burden through the multiple taxes applied to their economic activities.

To provide health and social care for workers in the informal economy and vulnerable groups, particularly women, the State of Senegal has developed a social health protection instrument known as Couverture Sanitaire Universelle (CSU).

7.2 Methodology

This study aimed to establish the link between taxation and the social protection system of vulnerable groups, in particular women in the informal sector and those living in the vulnerable neighbourhoods of Dakar. It was carried out as part of the Tax Equity program. This program is a regional initiative implemented in Senegal, Nigeria, Ghana and Tanzania whose main objective is to promote civic advocacy for fair and equitable tax systems. Under this heading, the Tax Equity program supports projects and advocacy actions aimed at broadening the tax base, reducing tax expenditure, promoting tax compliance, the progressiveness of the tax system, the exploitation of tax niches, and gender taxation.

The methodology used comprised three stages: i) a literature review and analysis, ii) group interviews with women from the informal sector in the suburbs of Dakar, and iii) individual interviews with technical experts and actors involved in implementing the SEN CSU. During each stage, tools were prepared, including checklists,

interview guides, meetings and interviews with women gathered in focus groups. Several interviews were conducted to capture the perspectives of women in the informal economy on taxation and to gather their feedback on social protection. Discussions were also held with the working group on gender and taxation set up by IBP Senegal and the women's movements CF/FSAPH (Comite des Femmes/Fédération Sénégalaise des Personnes Handicapées), FSH (Fédération Sénégalaise des Habitants) and groups of women leaders working in the informal sector.

Data were gathered through group discussions and individual interviews. The focus groups were aimed exclusively at women working in the informal economy in the suburbs of Dakar, in particular tablières (fish stall owners) in the Pikine fish market, retail traders in the Pikine Zinc market, restaurant owners and breakfast sellers, groundnut shellers in the Commune of Guédiawaye, FSH processors and women from agricultural groups in the Niayes. Respondents were selected based on the various types of activities undertaken by women in the informal sector in the Dakar suburbs.

The interviews focused on the issue of social protection, in particular the SEN CSU applied to women in the informal economy, and how it is financed.

7.3 Characteristics of the Senegalese tax system

Taxes are a fundamental source of public financing, alongside borrowing, transfers, and official development assistance. However, they are own resources that are used to finance protection and provide services. In Senegal, the tax-to-GDP ratio was projected at 19.3% in 2025, revealing a growing tax burden favoured by recent efforts to mobilise domestic revenues. Indeed, the Senegal 2050 vision makes taxation a lever for development and a sustainable means of financing public policies, particularly social policies relating to vulnerable groups. Similarly, the medium-term revenue mobilisation strategy (SRMT) implemented since 2020, aims to increase tax revenues in order to finance economic and social development. To this end, the percentage contribution of tax revenues to public income is estimated at

68. For indirect taxes, the taxpayer is an intermediary, and the tax is borne by other people.

69. Direct tax is a tax that is definitively borne by the taxpayer.

70. IRRP is made up of income from property, capital gains, industrial and commercial profits, farming profits and profits from non-commercial professions.

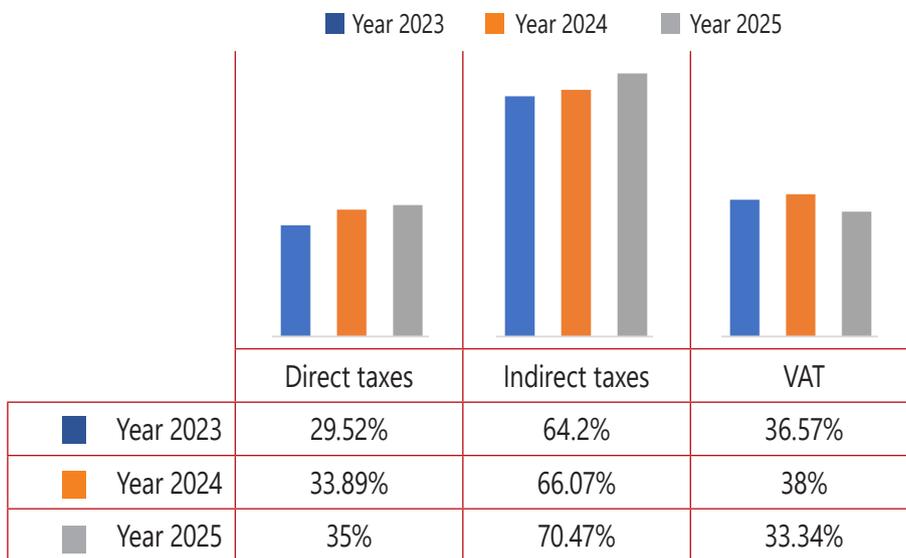
around 68%, divided between indirect⁶⁸ and direct taxes⁶⁹. This structure of the tax system—understood as the composition of its various components by type of tax—reveals an inequitable and inefficient system, typical of low-income countries. Moreover, the limited weight of direct taxes and the predominance of indirect taxes, largely levied on household consumption, indicate a regressive tax structure.

By way of illustration, in Senegal for the year 2025, the share of direct taxes would be 35.57% of tax revenues, while indirect taxes are estimated at 64.42% of total tax revenues. In terms of direct taxes, the share of corporate income tax and personal income tax

(IRPP⁷⁰) is very low, representing just 13.84% and 3.01% of tax revenues, respectively. In terms of indirect taxes, consumption taxes account for an estimated 64.42% of total tax revenues, of which 33.34% is VAT. This distribution of taxes is characteristic of the tax systems of low-income countries, which make constant use of consumption taxes, which are regressive but easy to collect. Senegal's tax structure is unfavourable to poor households, who bear a fairly heavy tax burden in relation to their economic situation (OECD 2024).



Figure 13: Evolution of Senegalese taxation (2023-2025)



Sources: Tax appendices to the finance bills for the years 2023, 2024, 2025

On another front, Senegal grants tax incentives for economic or social activities. These are generally tax relief measures for households, or incentives for foreign mining or oil companies. These tax expenditures are very high in relation to the budget. In 2021, they represented 37.10% of tax revenues, or 6.20% of GDP. However, it should be noted that the tax exemptions granted for activities linked to social protection are not evaluated by the tax authorities⁷¹. Nevertheless, phasing out tax incentives—such as exemptions in free-trade zones, broad tax exemptions, and temporary tax holidays—could generate substantial additional revenue to finance social spending (Coady 2018). In addition, to encourage taxpayers to finance existing social protection mechanisms, tax exemptions and reductions could be granted.

Thus, the structuring of the Senegalese tax system reveals a poor performance of the tax administration and very productive but under-exploited taxes. In addition, according to the ANSD⁷², in 2017, only 10% of taxpayers paid tax, while the majority avoided taxes because of the declaratory system. This system assumes that taxpayers voluntarily file their returns and pay taxes. It is vulnerable to errors and omissions and is ill-equipped to curb tax evasion, while also giving rise to divergent interpretations due to the wide range of situations encountered in the application of tax law. In addition, the tax system is strongly influenced by

71. Report on the budget evaluation of tax expenditure for 2021, p. 15. Available at <https://www.finances.gouv.sn/publication/rapport-dependes-fiscales-2021-2/>

72. Agence nationale de la statistique du Sénégal

73. Vision Sénégal 2050, National Development Strategy (2025-2029).
https://ambassadesenegal.be/wp-content/uploads/2024/10/Strategie_Nationale_de_developpement_2025_2029_1727214870-1.pdf

the informal nature of the Senegalese economy. Indeed, 97% of businesses are in the informal sector (ANSD 2017) which results in a loss of tax revenue due to the difficulties encountered by tax authorities in bringing this sector into the tax net, and the lack of control over business transactions, particularly in the digital and ICT sectors⁷³. The size of the informal sector has a negative impact on tax equity, reducing productivity, undermining the ability of tax systems to generate revenue, limiting tax contributions and hindering the enrolment of informal sector workers in social protection schemes.

On another front, the gender neutrality of the tax system must be emphasized, in that there are no tax provisions that explicitly differentiate between men and women. However, the tax system contains implicit biases arising from gender differences in the nature and level of income, consumption patterns, and the distribution of wealth and assets, as well as from social norms and expectations that affect taxpayers differently depending on whether they are men or women. In Senegal, the most productive taxes are indirect taxes, more specifically those applied to household consumption, such as VAT. These taxes have the particularity of being neutral and regressive, meaning that taxes are higher for the poor and lower for the rich. Generally speaking, they are highly productive taxes with low administration costs. However, they spread the tax burden across all taxpayers, regardless of their ability to pay. They increase social inequalities in general, and gender inequalities in particular. Indeed, if tax revenues are used to finance public policies, they must first and foremost be earmarked for social policies in order to guarantee the well-being of populations, especially those on low incomes.

Therefore, using the fiscal tool, through tax policies sensitive to the protection of the rights of women and girls, will make it possible to establish social equilibrium and combat systemic gender-based domination. Social protection, like other public spending, is financed by contributions from beneficiaries and financial transfers from the state to social benefit institutions. The distinctive feature of social protection is that it helps to combat poverty and vulnerability, increasing resilience in the face of shocks (economic, climatic or security-related) and loss of income that threaten human well-being. Improving the socio-economic conditions of the poor and vulnerable groups remains one of the major

challenges of social protection. As a member of the International Labour Organization (ILO), Senegal has ratified Convention No. 102 concerning Social Security (Minimum Standards), and is also implementing Recommendation No. 202 on the ILO's social protection floor applicable to member states. It is also committed to achieving Sustainable Development Goals (SDGs) 1.3 and 3.8 on social protection, health and well-being, as well as the African Union's Agenda 2063.

Senegal has also ratified a number of community instruments on reducing inequality and supporting long-term growth, as part of its participation in the Economic Community of West African States (ECOWAS), the West African Economic and Monetary Union (WAEMU) and the Inter-African Conference on Social Security (CIPRES). Thus, social protection is one of the objectives of the social equity policies developed by the government in Senegal, such as the National Family Security Scholarship Program⁷⁴ or social protection policies such as the Universal Health Coverage (Couverture Sanitaire Universelle – CSU).

74. The National Family Security Scholarship Program (NFSSP) is a cash transfer program set up in Senegal in 2013. A flagship strategy in terms of extending social protection to the poor, it is the largest cash transfer program in West Africa. The program covers 300,000 vulnerable households, each of which receives 25,000 FCFA per quarter.

7.4 UHC: a social health protection tool for women in the informal economy

The Government of Senegal has made health financing and universal health coverage a national priority, essentially comprising protection against the financial risks of illness and equitable access to quality health goods and services. The state is committed to developing pooling strategies to reduce direct payments by households. These include the CMU program, launched in 2013, followed by the establishment of the National Agency for CMU (ANACMU) in 2015.

It was reformed by Decree 2024-832 of 27 March 2024, which created and set the organisational and operational rules for the Senegalese Universal Health Coverage Agency (SEN-CSU), which has administrative and financial autonomy and is placed under the technical supervision of the Ministry of Social Equity and the financial supervision of the Ministry of Finance.

SEN-CSU rests on two pillars: a high-quality healthcare supply and financially viable demand. The SEN-CSU promotes mutual

health insurance schemes, which provide medical care for workers in the informal economy and rural populations, who make up over 80% of the Senegalese population. It is also responsible for managing free healthcare initiatives aimed at vulnerable groups, particularly women and children.

SEN-CSU is an initiative in line with WHO's Universal Health Coverage policy. It is also in line with the social protection agenda as defined by the ILO. Indeed, social health protection (SHP) refers to a series of public or private measures organised and mandated by the state to guarantee effective and affordable access to healthcare, as well as income security in the event of illness (ILO 2008). In this way, it aims to reduce health-related problems, as well as the indirect costs of illness and disability, such as significant loss of income due to short- or long-term disability, care for family members, lower productivity and the hindering of children's education and social development. Better health enables people to work and generate income, and in itself has the power to break the vicious cycle of illness and poverty. An effective social health protection system provides universal access to affordable, available and high-quality essential health care⁷⁵, and financial protection in times of illness, accident and maternity. The ILO's social protection strategy is thus based on the fundamental rights to health and social security, and puts emphasis on the importance of health protection in work and employment. The latter is directly involved in achieving the SDGs⁷⁶ and aims to implement the Decent Work Agenda, in line with recommendation 202 on the social protection floor.

75. <https://www.social-protection.org/gimi/ShowMainPage.action>

76. <https://www.un.org/sustainabledevelopment/>

At national level, social protection is a priority objective of the Senegalese economic structural transformation agenda, Vision Sénégal 2050. It provides for the reinforcement of the existing system with concrete actions (free caesarean sections, free care for children under 5 years of age, free dialysis, and free care for people aged 60 and over (Sesame plan), the main beneficiaries of whom are women). In addition, within the framework of promoting community-based health mutuals—primarily targeting the informal sector and rural populations—women constitute the main beneficiary group of the care packages offered, which include prenatal consultations, childbirth, and other maternity-related services. The benefit packages of community health mutuals have been extended and harmonised, thanks to state subsidies of 100%

for indigents (beneficiaries of the Family Security Grant Program, with women empowered to manage cash transfers, and holders of equal opportunity cards) and 50% for others, for an annual contribution of 7000 FCFA per head. Other vulnerable populations are covered by mutual health insurance schemes run by local authorities. It should be noted that, in terms of the organisation and management of services, the mutual health insurance schemes manage the basic package (at health posts and centres), while the departmental mutual health insurance associations provide the complementary package (health services at hospitals).

In parallel with this drive to develop the SEN-CSU, Senegal has developed a social protection scheme for these same beneficiaries, known as the Simplified Scheme for Small Taxpayers (SSST). The SSST is a contributory social security scheme that will eventually be automatic or compulsory (initially voluntary), offering workers in the informal economy benefits linked to old age, health, industrial accidents and occupational illnesses, as well as family benefits. The simplified scheme thus targets a specific population group made up of entrepreneurs and VSEs (very small enterprises), who have a contributory capacity but are excluded from social security due to the specific nature of their economic activities.

As part of the coherence of these two initiatives, linkages are developed through coordination between the health, labour and social protection sectors, through integrated policies, institutional reforms and innovative interdisciplinary research. It is in this context that the health insurance component of the SSST is being implemented by the SEN-CSU, in line with its mission to support the extension of health risk coverage, with a pilot phase involving the establishment of a national mutual insurance scheme for craftsmen.

Implementation of the National Social Protection Strategy (NSPS) requires the creation of further extension programs, with a view to broadening the number of beneficiaries, particularly women, and the range of risks covered, and gradually establishing a social protection base in Senegal. This requires the existence of a sustainable financing mechanism for social protection expenditure, particularly for non-contributory programs benefiting the poor and vulnerable.

In this respect, the issue of financing social protection for the poor and vulnerable remains a major challenge that the state authorities are seeking to meet, with the support of development partners. Regarding this, social protection spending represents a small proportion of total government expenditure compared to other social sectors. In 2020, the social protection sector was allocated 222 billion CFA francs out of a total budget of 3709 billion CFA francs, or 6%. Between 2015 and 2023, the CMU program received funding of 180,217,586,095 CFA francs from the government, an illustration of its determination to meet the challenges of protection against the financial risk of illness at national level. Despite these efforts, ANACMU, like other insurance and social protection institutions, still owes payments to healthcare providers.

It is important to note that this CMU debt is naturally replenished through the use of health services. This occurs in the absence of any significant change to ANACMU's annual budget, which is estimated at 65 billion FCFA, corresponding to the current coverage rate. However, according to the report of the program's external evaluation carried out by Cabinet CRES (2022), annual requirements taking into account current parameters, are estimated at 89 billion FCFA. The rise in debt is attributable to the need to provide healthcare services to various target groups benefiting from free care. According to a 2021 evaluation report on the CMU program, the overall cost of the CMU was estimated based on coverage objectives for the target population, the selected care package, and the unit cost and frequency of beneficiaries' use of medical services and goods. Official policy objectives indicate that the total cost of CMU, excluding investment, amounted to 89.87 billion in 2019 and is expected to reach 165.31 billion in 2025 and over 316 billion in 2035, depending on the evolution of the beneficiary population.

If Senegal opted to establish a single public health insurance fund to address the fragmentation of existing schemes, the investments required to operationalise the National Health Insurance Fund would have increased the overall cost of the CMU by 22.84 billion over the 2020–2024 period. Consequently, the total cost of the CMU, inclusive of these investments, would amount to 118.07 billion in 2020 and rise to 139.81 billion in 2022. An annual inflation rate of 2.2% has been taken into account in the estimate of current expenditure (expenditure on care, operating costs).

To meet the challenge of financing social protection, the Government of Senegal intends to address the issue by advocating for the allocation of 7% of the national budget to social protection. The mobilisation of resources will depend on simulations carried out on well-identified tax niches and the contribution of development partners (loans, donations and grants).

7.5 Implementation of SEN-CSU and the gender dimension

Women are at the heart of social protection policies, but for the SEN-CSU the gender dimension is not specifically taken into account, even though women are the majority of beneficiaries.

M. Serigne Diouf, Director of Operations ANACMU⁷⁷

⁷⁷. Interview with Mr. Serigne Diouf, former Director of Operations at ANACIM, March 22, 2024

The analysis of the implementation parameters of these various initiatives, particularly those related to contributions, takes into account contributory capacity, but does not consistently and comprehensively include the components of gender equality and the promotion of women's rights and economic empowerment.

Both the SST approach and the current SEN-CSU parameters completely ignore the income hierarchy and gender segmentation of the informal sector labour market in Senegal. Withdrawal from registration due to inability to pay is likely to affect women more severely, as they have lower and more precarious incomes on average, and are likely to have greater social protection needs.

In the current configuration of the SST, men are the most likely to sign up, as they have the highest incomes in the informal sector⁷⁸. Indeed, in social assistance plans, the services offered are often basic, reduced to the bare minimum. In insurance schemes, on the other hand, higher-income participants can subscribe to more comprehensive service plans. Women in Senegal's informal sector are confined to jobs that are often irregular and low paying. The results of the Integrated Regional Survey on Employment and the Informal Sector (ANSD 2017) reveal that women occupy a total of 45.3% of informal jobs. These are disproportionately concentrated in the special household activities (96.5%), accommodation and

⁷⁸. According to the ILO, the share of employees in the informal sector with the highest incomes (110,000 FCFA/month). Only 7.9% of employees in the informal sector have a monthly salary in excess of 110,000 FCFA (8.7% of men and 6.2% of women). Cf. ILO, Diagnosis of Senegal's informal economy, 2020, p. 37

catering (86.5%) and retail trade (71.0%) industries. The precarious and insecure nature of these jobs means that they have few resources to contribute to contributory schemes, which require the payment of regular contributions of a certain level⁷⁹. It is therefore important to take into account socio-cultural factors such as decision-making power within the household and the allocation of resources.

79. ILO, UN-WOMEN, Study on gender mainstreaming in the Simplified Social Protection Scheme for small taxpayers, op. cit., 2021.

7.6 Women's tax burden and social security gaps in Dakar's informal sector

In Senegal, 82% of women are informally employed⁸⁰, and 94.1% of women entrepreneurs operate in the informal sector, compared with 86% of men. These high levels of informality among women are concentrated primarily in the catering and retail sectors, as well as among surface technicians, street vendors, domestic workers, processors of agricultural and fishery products, market stallholders and other odd jobs.

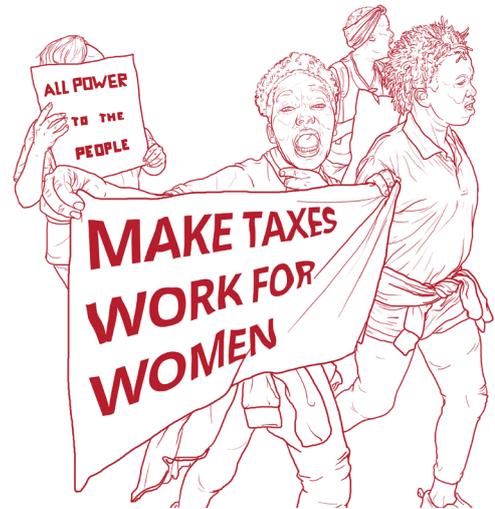
80. WIEGO, *Women working in the informal sector in Senegal: statistical profile*.

Indeed, most women in the informal economy are engaged in low-profit activities, as the sector is largely defined by a "survival" economy that provides a basic means of subsistence for a segment of the unskilled population. However, it must be stressed that, even if some of them have formal recognition or are registered with the relevant authorities, their activities remain informal, with no appropriate legal framework. During the focus group discussions, the women mentioned that they all belonged to networks, associations and groups that set up tontines⁸¹ and solidarity gourds to finance their income-generating activities and ensured their members were part of the mutual health insurance schemes.

81. Financial arrangements which blend aspects of an investment, a group annuity, and a lottery where participants pool money

In the course of their work, women in the informal economy bear a relatively heavy tax burden. For example, depending on the commune, women market tablières pay between 100 FCFA and 200 FCFA/day, i.e., between 3000 and 6000 FCFA/month for market fees and hygiene service fees. In addition, they contribute to the costs of guarding and cleaning the markets. To this tax burden must be added all the indirect taxes paid on household consumption, such as VAT.

At the same time, women in the informal sector emphasized that they do not understand the purpose of the taxes they pay. According to them, paying taxes is seen as a loss of revenue because they receive no social services or public benefits in return. What's more, the local authorities that receive the taxes do not communicate how the revenues collected are used. They often consider that the management of tax revenues is not transparent, and only agree to pay when forced to do so. They also pointed out that payment of market fees is often the cause of tension between women and tax collectors.



We pay taxes, but we don't know what they are used for; there is no transparency in the management of tax revenue, and this causes tension between us and the tax collector.

Fish vendor at Pikine Central market

Women in the informal sector thus contribute to economic growth, but they have difficulty developing their professional activities because they have no access to bank credit or microfinance. In fact, financial institutions impose high lending rates (20%), with sureties and guarantees that are obstacles to bank credit. Consequently, women with business projects are either discouraged or have their financing applications rejected. Women working in the informal economy who are divorced, widowed, heads of households or elderly have modest and often precarious profits or income, which are used primarily to finance family needs and household expenses (rent, water, electricity, health, education). As a result, they often resort to informal credit systems with restrictive repayment terms. For example, women at Pikine's Central fish market can obtain credit from informal lenders, with daily repayment rates of 5% and no payment deadline. To address this situation, women in the informal sector turn to solidarity-based financing mechanisms, such as mutual aid funds. This solution reveals the financial power of women's groups, enabling them to obtain micro-credits with reasonable repayment rates and terms.

Similarly, women are often excluded from formal social protection policies such as health care, pensions and family benefits. Furthermore, even when women in the informal sector are aware of the UHC system, they often view its operation as problematic, which explains their non-enrolment or withdrawal from mutual insurance schemes perceived as ineffective. Many consider the membership fee (3500 FCFA per person) prohibitively high for large households of 15 to 18 members, resulting in low enrolment. In addition, lengthy administrative procedures and inadequate healthcare services discourage many women from participating in the CSU.

We have large families with more than 12 people; the cost of membership is too high for female heads of households

Fish vendor at the Pikine Central market and widow

In addition, widows find it very difficult to meet household expenses, let alone CSU mutual insurance contributions, as the profits generated by their activities are used to finance consumer spending. To alleviate these difficulties, they organise collective savings systems such as tontines, with a lumpsum to be used to finance their membership of CSU mutual insurance companies. For example, the women's group in the Commune of Wakhinane Nimzatt set up a solidarity fund with a weekly contribution of 500 FCFA. At the end of the year, part of the money saved will be used to pay membership fees for the mutual health insurance scheme.

We want to replace the CMU with a more efficient and user-friendly insurance system.

Women's group manager – Takku Liquey Laloye Group

In addition to medical care through the SEN-CSU, women working in the informal sector face other problems. Some have to leave their homes at 4:00 a.m. to fetch goods (fish, vegetables, fruit). This exposes their children and families to the risks of insecurity and street violence, as they cannot look after them while they are at work. In fact, in addition to their professional workload, which is added to the burden of unpaid work, women in the informal

economy support their families and contribute to economic growth⁸². Moreover, during focus group discussions, women in the informal economy emphasized that childcare is the main support they lack to balance their family and work responsibilities.

82. UNDP, Ministry of Finance of Senegal, *Senegalese women's contribution to economic growth, Policy brief, 2017*

In the suburbs of Dakar, there are no public or inexpensive crèches or community day-care centres where women can leave their children. There are private crèches with prohibitively high fees (30,000 FCFA/month). Those who cannot afford the cost are forced to leave their children with relatives, exposing them to various risks. Others turn to economic activities that offer more flexible working hours, enabling them to combine paid work and childcare, such as online sales and local catering, although these activities are precarious and less well paid.

The burden of unpaid domestic work added to women's work in the informal sector weakens women's health.

Peanut sheller at Pikine's Zinc market

Social protection for women working in the informal economy in the suburbs of Dakar is almost non-existent. As a result, during the focus group discussions, recommendations were put forward by the women concerned to ensure that they are effectively covered by social protection. These included:

- Improved medical care through increased financial allocations to the CSU from the government and local authorities.
- Tax-financed mutual health insurance schemes.
- Enhancing tax literacy among women in the informal economy.
- Increasing awareness among women in the informal economy about local government taxation.
- Replacing mutual health insurance schemes with health insurance.
- Creating community crèches and day-care centres to look after children so that women can go out to work.
- Facilitating access to bank loans at reduced rates.
- Free membership of mutual health insurance schemes for poor women with large families.

7.7 Financing social protection for women in the informal sector through taxation

Taxation for social protection refers to the shift from financing social security funds through social contributions to funding them via taxes. The financing mechanism we are proposing does not aim to replace social contributions with taxation, but to provide an additional means of financing the social protection of a vulnerable and poor social category. As such, it is a contribution to the debate on the coverage of social risks, and therefore its cost, its method of financing and the maintenance of balanced public finances. What options can a country use to create a fiscal space capable of providing the resources needed to finance sustainable spending levels? While reliance on overall fiscal space is well established, increasing tax revenues and earmarking specific taxes for gender equality can provide sustainable financing for social protection.

7.7.1 Increase in tax revenues

The option of financing social protection expenditure through increased tax revenues involves modifying different types of direct or indirect tax rates or strengthening tax collection methods and tax obligations (ILO 2017). It should be noted that tax revenues differ from compulsory social contributions in that the latter are paid in order to secure a personal right to benefits, whereas tax revenues do not confer such rights. General tax revenues are by nature public contributions not earmarked for financing social protection, but they can be used in part to finance it.

In sub-Saharan Africa, the weak tax base resulting from the preponderance of informal activity and the rural subsistence economy limits the capacity of economies to finance social protection through direct taxation. Countries are turning to indirect taxation to finance social protection. To this end, the ILO (2001) proposes exploiting the contributory capacity of workers in the informal economy. Such a measure could be implemented by introducing a flat-rate contribution payable by workers in this sector (Auffret 2011). However, this does not appear to be the best option for financing health risk coverage for women in the informal economy, given the difficulties of collecting taxes in an economic context characterised by high levels of tax evasion. In Senegal, however, there is another way of financing social protection. This

entails the introduction of so-called “behavioural” taxes or excise duties, which can generate additional revenue while promoting “virtuous” behaviour by encouraging stakeholders to internalise the costs associated with certain practices (Elbaum 2012).

In this context, we also propose to develop innovative financing mechanisms. Some of these are implemented by countries such as Rwanda, which uses the following sources of funding for its social health protection system:

- 50% of registration fees for pharmaceutical products;
- 50% of the amount collected by the National Committee on Ethics in Human Research as research review fees;
- 10% of fees charged for services provided to commercial gambling companies;
- 50% of fees charged for vehicle roadworthiness tests;
- 100% of fines levied on trade in substandard products;
- 1% of tourism revenues;
- 100 Rwandan francs on vehicle parking fees, etc.

It is proposed that specific taxes or excise duties be earmarked to finance social protection for women in the informal sector. In fact, these are generally health-related taxes or those intended to act as a deterrent, or even taxes whose purpose is to ensure the redistribution of wealth, such as taxes on luxury goods and lifestyle.

7.7.2 The use of these taxes

The allocation of certain taxes and levies, unlike social security contributions, does not create entitlements, but is part of a universal approach to the generalisation of social protection. This financing method broadens the range of levies earmarked for social protection, including taxes on tobacco, alcohol, products that pose health risks, and pharmaceutical advertising, which has an impact on health insurance expenditure.

7.7.2.1 Tobacco tax

In Senegal, tobacco tax is an excise duty introduced by directive no. 03/98⁸³. In 2024, government authorities extended the scope of tobacco tax to all products made from tobacco, as well as

83. Directive n°03/98/CM/UEMOA of December 22, 1998 on the harmonisation of excise legislation in WAEMU member states.

associated materials such as water pipes, pipes and their parts, pipe preparations, inhalers containing nicotine, shisha materials, electronic cigarettes or any other such devices. In 2025, this tax was reformed, with the rate of the specific tax on tobacco increasing from 65% to 70%. Revenue from this tax was estimated at 36.19 billion FCFA in 2025⁸⁴. This tax is currently allocated to the general budget and finances all public policies. However, it can be specifically earmarked to finance women's healthcare or health insurance, as in India and France. In Senegal, this tax allocation could provide resources for the CSU.

84. *Attachment to the Finance Bill for 2025, Ways and Means*

7.7.2.2 Wealth tax

The wealth tax is designed to tax wealth for the purposes of tax justice, i.e., to reduce inequalities through a better redistribution of wealth. According to Oxfam (2023) on a global scale, a tax of up to 5% on the wealth of the world's multimillionaires and billionaires could raise 1700 billion FCFA/year - enough to lift two billion people out of poverty. In Senegal, there is a tax on lifestyle items⁸⁵ whose rate is based on certain elements that presume the taxpayer's wealth. These include primary and secondary residences with swimming pools, luxury cars, boats used for recreation and racehorses. A tax based on wealth will play a redistributive role, ensuring solidarity by covering the financing needs of social policies (Dussart 2009). Solidarity can and must be ensured through redistribution. Certain tax instruments are designed, either explicitly or implicitly, to redistribute income from wealthier groups to poorer populations. The reduction of income disparities through social and fiscal deductions is complemented by the payment of a wide variety of social benefits.

85. Cf. articles 169 et seq. Of the CGI

7.7.2.3 Tax on cosmetic products

The tax on cosmetics is of particular concern to women, as they consume more depigmenting cosmetics. It is an excise duty levied on depigmenting cosmetics appearing on a list drawn up by the joint order of the Minister of Finance and the Minister of Health. The tax base is based on the harmful nature of these cosmetic products. Indeed, it is a public health issue in that these products cause skin infections, stretch marks, irritation, hypertension and

cancer⁸⁶. Taxing them at a high rate will help save lives and prevent illness, while reducing consumption among people who cannot afford to buy them. However, these taxes must be earmarked to finance universal health coverage or gender-sensitive population health measures. States can adopt taxation on cosmetics to prevent abuse and make consumption less accessible, but it can also be used to generate more revenue for public budgets⁸⁷. In France, for example, the tax on cosmetics is allocated to the national health insurance fund for salaried workers.

86. <https://www.jeuneafrique.com/885384/societe/produits-eclaircissants-au-senegal-un-business-nefaste-mais-toujours-florissant/>

87. In Senegal, the tax instituted in 2012 is quite productive; for the year 2024, it is estimated at 4.26 billion FCFA.

7.8 Conclusion and recommendations

This case study shows that, in Senegal, social protection policies continue to fall short of adequately addressing gender inequalities. Although public authorities have expressed a clear political commitment to promoting gender-sensitive social policies—reflected in strategic frameworks and official discourse—the integration of gender considerations into the actual design and implementation of social protection programmes remains limited. As a result, these policies often fail to recognise women’s differentiated needs and life cycles, as well as their disproportionate responsibility for unpaid care work and their higher exposure to informality and income insecurity.

At the same time, persistent funding constraints significantly undermine the effectiveness and coverage of social protection mechanisms, particularly mutual health insurance schemes, which remain fragmented and insufficiently resourced. These financial limitations restrict access, reduce benefit adequacy, and disproportionately affect women, who are more likely to rely on such schemes. Addressing these challenges requires the establishment of stable, predictable and sustainable financing mechanisms. In this regard, strengthened domestic resource mobilisation—particularly through progressive and gender-responsive taxation—is essential to expand the fiscal space available for social protection and to ensure that these policies can more effectively contribute to reducing gender inequalities.

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Chapter 8

Analysis

The five case studies from Argentina, Ecuador, Paraguay, the Philippines and Senegal reveal a shared structural challenge: care is essential to social reproduction and economic sustainability, yet it remains chronically undervalued and underfinanced. Despite differences in income levels, tax capacities, and political contexts, each country illustrates how gender-blind fiscal systems and unequal resource distribution constrain the realisation of care as both a public good and a human right.

The five countries differ significantly in the maturity and effectiveness of their social protection systems. Argentina and the Philippines stand out for the scale and impact of their cash transfer programmes. Argentina's AUH and AUE programmes are notable for their nationwide coverage, earmarked financing, and poverty-reducing effects, particularly among children. Similarly, the Philippines' 4P program reaches more than two-thirds of the poor population and has demonstrably improved school enrolment and poverty outcomes. However, in both cases, benefits remain insufficient to cover basic needs and do not recognise unpaid care work.

Senegal has made significant progress in health financing and universal health coverage through the CMU, with explicit attention to vulnerable populations, including women, children, and older persons. Yet broader social protection for informal women workers remains weak, and regressive taxation undermines equity gains. Ecuador and Paraguay lag behind institutionally. Ecuador has adopted ambitious care-related legislation, but implementation is undermined by unclear institutional mandates, insufficient funding, and austerity pressures. Paraguay has yet to formally institutionalise a national care system, and existing interventions are fragmented, underfunded, and unable to achieve recognition, redistribution, or reduction of care work. Overall, the comparison highlights a critical divide between policy ambition and fiscal-institutional capacity, with financing mechanisms emerging as the key bottleneck.

A recurring trend across all five cases is the heavy reliance on indirect taxes such as VAT and consumption taxes, which make

fiscal systems regressive and disproportionately burden women and low-income households. In countries like Paraguay and the Philippines, this dependence on consumption-based taxation deepens inequality and limits fiscal space for redistributive spending. Argentina's federal and provincial tax structures similarly rely on indirect taxation, constraining redistribution despite relatively advanced social protection mechanisms. In addition, Argentina and Ecuador's experiences highlight the volatility of care financing, where even progressive tax structures remain vulnerable to austerity and political reversal. In Paraguay, VAT evasion alone reached nearly one-third of potential revenue, while in Senegal, the weakness of tax revenue and the absence of gender mainstreaming in social protection further constrain the development of equitable care systems.

Moreover, fragmented institutional arrangements and the lack of gender-disaggregated fiscal data obscure the real value and contribution of care work—both paid and unpaid. Although the Philippines demonstrates relatively stronger revenue mobilisation, the country struggles with fragmentation and inefficiency on the spending side, with more than 60 social protection programs operating concurrently and limited coordination across institutions.

Without clear visibility in budgets or accountability mechanisms, care remains everywhere in rhetoric yet nowhere in fiscal policy. This invisibility reinforces the structural undervaluation of women's and gender-diverse people's labour, particularly in low-income and informal sectors that dominate the Global South. In Argentina, Ecuador, and Paraguay, women spend significantly more time on unpaid care work, regardless of labour market participation. Paraguay provides particularly



stark evidence: unpaid work accounted for 22.4% of GDP in 2016, with women generating more than three-quarters of this value. The care sector itself is almost entirely feminised, with women representing over 97% of care workers, especially in domestic service. Senegal mirrors this pattern through high female informality, low activity rates, and near-absence of social protection for women working in informal urban economies, despite their substantial contribution to both paid and unpaid care.

Addressing these systemic shortcomings requires reimagining fiscal policy through a feminist lens—one that treats taxation, spending, and care provision as interdependent components of social justice. The lessons drawn from these five countries show that achieving care justice requires more than increased budget allocations; it also entails transforming how resources are generated, allocated, and governed.

In this sense, feminist fiscal policy offers a pathway to rebuild the social contract around equality and solidarity, ensuring that economic structures serve life-sustaining activities rather than extractive ones. A major lesson across the case studies is that how care policies are financed matters as much as their design.

Drawing from the comparative analysis of the countries, four overarching priorities stand out as the foundation for achieving feminist fiscal and care justice. First, it is vital to recognise care as a human right, ensuring it is supported by dedicated, predictable, and resilient financing that safeguards continuity and quality of services. Second, governments should strengthen progressive and gender-transformative taxation, using fiscal policy as a tool to redistribute wealth and close structural gender gaps.

Third, enhancing local fiscal autonomy and capacity is essential so that municipalities and territories can design and implement care systems tailored to their communities' realities. Lastly, greater transparency and the systematic collection of gender-disaggregated data are needed to make visible who contributes, who benefits, and how resources are allocated—laying the groundwork for evidence-based and equitable policymaking. Collectively, these priorities articulate a shared vision: transforming fiscal systems so they sustain the right to care and advance gender equality.



Chapter 9

Conclusion and recommendations

Care work sustains life. Yet, in today's fiscal paradigms it remains invisible, unpaid, or commodified. The five country case studies in this volume demonstrate that the structural constraints and underfunding of care systems is not the result of a policy vacuum—it is the consequence of political and economic systems that privilege capital accumulation over human wellbeing.

A key insight from these case studies is that even in countries that are making strides—where care-related policies or social programs are in place—these measures are rarely articulated as “care” policies. Instead, they are scattered across sectors: early childhood programs here, elderly services there, fragmented support for women's unpaid work elsewhere. This fragmentation obscures the shape and scale of care. It also weakens the ability of governments and advocates to track financing gaps, design



effective responses, and demand accountability. Naming care explicitly—and embedding it structurally in fiscal systems—is critical for ensuring its visibility, valuation, and sustainability.

This complexity has real consequences. When care is not named, it is not measured. When it is not measured, it is not financed. When it is not financed, the burden falls on those least resourced to bear it: women, girls, and gender-diverse people in low-income and racialised communities. In the absence of strong, coordinated care systems, individuals are left to fill the gaps, often at the expense of their economic security, health, and rights.

To address these structural injustices, a number of recommendations have been put forward.

9.1 Governments and policymakers

- **Explicitly define and mainstream care in fiscal policy frameworks**, national development plans, and budget classifications.
- **Integrate care into tax reform processes**—design tax systems that recognise and redistribute unpaid care work, such as through credits, exemptions, or direct transfers targeted at care providers.
- **Allocate sustained, equitable public financing to public care services**, including early childhood education, elder care, healthcare, disability services, and support for unpaid caregivers.
- **Simplify and harmonise care policies across sectors framed in the recognition of care as a human right** to build coherent, rights-based, and universal care systems rather than piecemeal programs.
- **Establish care data systems** that measure unpaid and paid care work, financing gaps, and intersecting inequalities across gender, income, race, and geography.

9.2 Feminist and tax justice movements

- **Advance coordinated advocacy strategies** that frame care and taxation as mutually reinforcing agendas.
- **Push for public finance transparency and gender-responsive budgeting**, especially in tracking spending on public care infrastructure.
- **Build alliances with care workers, unions, and communities**, to centre lived experience in fiscal policy debates and making care public.
- **Engage in the UN tax convention negotiations** to ensure care is recognised in the architecture of global fiscal reform.
- **Continue campaigns such as the Global Days of Action for Women's Rights and Tax Justice**, to mobilise public awareness and political pressure around financing care.

Across all contexts, care public systems need not only more funding—they need fair, sustainable, and transformative funding. That requires data. It requires a voice. And it requires political clarity.

The way forward demands a paradigm shift: from austerity to investment, from invisibility to recognition, from extraction to redistribution. We must name care. We must finance care. And we must reimagine taxation as a feminist instrument for justice, solidarity, and life.

Let us tax to care. Let us care to transform.

Glossary – tax and gender

The Global Alliance for Tax Justice’s Tax and Gender Working Group initially created this glossary for the publication Framing Feminist Taxation: With examples from Uganda (2021). It has been edited for this publication.

Automatic exchange of information for tax purposes	A system of tax information exchange whereby jurisdictions’ tax authorities automatically share information on a taxpayer’s assets with the home jurisdiction of that taxpayer. Civil society organisations want to see a multilateral agreement for tax havens to share information automatically with all other jurisdictions.
Beijing Declaration and Platform for Action (BPfA)	Adopted by governments at the 1995 Fourth World Conference on Women, this document sets forth governments’ commitments to enhance women’s rights.
Beneficial ownership	The real person or group of people that control(s) and benefit(s) from a corporation, trust or account. All beneficial ownership information of companies and trusts should be made public in an accessible register.
Bilateral aid	Assistance given by a government directly to the government of another country, normally from a developed country to a developing one.
Bilateral investment treaty (BIT)	An agreement establishing the terms and conditions for private investment by nationals and companies of one country in another one. This type of investment is called foreign direct investment (FDI).
Budget	A comprehensive statement of government financial plans including expenditures, revenues, deficit or surplus, and debt. The budget is a government’s main economic policy document, indicating how that government plans to use public resources to meet policy goals. As a statement of fiscal policy, the budget shows the nature and extent of the government’s impact on the economy. The budget is prepared by the executive and then generally is submitted to the legislature to be reviewed, amended and adopted as law. The budget preparation process begins many months before the start of the fiscal year covered by the budget, so that it can be enacted into law before the fiscal year begins.
Budget analysis	Budget analysis focuses on “critically evaluating the budgetary allocations made in the beginning of the fiscal year and tracking expenditure undertaken on the basis of these allocations to determine the extent to which the policy translates into outcomes”.
Capital gains tax	A tax on the profits from the sale of capital assets such as stocks and shares, land and buildings, businesses, and valuable assets such as works of art.
Cess tax	A cess is a form of tax levied by the government as a percentage of tax paid. It is levied for a specific purpose and collected only once the government has raised sufficient funds to meet that objective.
Consumption taxes	Most countries apply consumption taxes such as VAT, general sales taxes and excise taxes. They are indirect taxes applied uniformly across taxpayers, which means they place a disproportionate burden on the poorest households. Since women are usually poorer, they are the ones who proportionately pay more of their income on consumption taxes.
Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)	The ‘women’s bill of rights’ is a cornerstone of all UN Women programs. More than 185 countries are parties to the Convention.
Corporate Income Tax	Taxes on profits made by limited liability companies and other similar entities. The tax is generally imposed on net taxable income, specified in the company’s financial statement. Also referred to as corporate taxes.
Debt	The accumulated amount of money that the government owes. It can be internal or external (i.e., debt owed to creditors outside of a country, including debt owed to private commercial banks, other governments, or international financial institutions such as the World Bank and International Monetary Fund).

Developed country	This is a term used to refer to relatively wealthy and technologically advanced countries in which most people have high life expectancies, access to education, and a GNP per capita of more than USD 11,115 in 2008.
Developing country	This is a term used to refer to low- and middle-income countries in which most people have a lower standard of living with access to fewer goods and services than do most people in high-income countries. The 172 countries in this group include states that are variously labelled as developing countries, underdeveloped countries, low-income countries, Majority World, the South, Global South or the Third World. These nations generally have low levels of technology, basic living standards and little in the way of an industrial base. Their economies are mainly agricultural and are characterised by cheap, unskilled labour and a scarcity of investment capital.
Development	This long-term process begins with meeting the most basic human needs of people – food, clean water, good health, shelter. It includes the chance to get an education and earn a living in a society where human rights are respected and where women, as well as men, can participate fully in the life of their communities. At the same time, it also involves building an infrastructure that provides essential services for all and an economy that encourages innovation and respect for the environment.
Direct taxes	Taxes that are charged directly upon the income (salary, profits, dividends, rents, etc.), property and wealth of physical or legal persons. They are a progressive form of taxation, where those who have more contribute proportionately more.
Double tax agreement (DTA)	Treaty between two countries to restrict source and residence taxation rights with the aim of alleviating double taxation and allocating taxing rights between the parties. However, DTAs often shift the balance of taxing rights away from countries in the Global South.
Effective tax rate	The effective tax rate is the percentage of income that an individual or a corporation pays in taxes. The effective tax rate for individuals is the average rate at which their earned income, such as wages, and unearned income, such as stock dividends, are taxed.
Equitable taxation	Equitable taxation refers to tax policies that reduce income, wealth or other social inequalities. Horizontal equity refers to persons and businesses in similar circumstances in terms of their welfare being treated in a similar manner, while vertical equity refers to the idea that people with a greater ability to pay taxes should pay more.
Excise taxes	These taxes are usually imposed on a limited range of goods, such as luxury goods or products that can have a harmful impact on the consumer.
Export processing zone (EPZ)	An artificial ring-fenced territory within a state in which export-oriented industries with little interaction to domestic markets operate while the usual laws and regulations are suspended or relaxed.
False invoicing	A similar practice to transfer-pricing abuse, but between unrelated companies.
Feminist economics	Feminist economics promotes economic equality between women and men. The activities, behaviour and decisions of men and women have a major impact on our economy. But mainstream economics has a tendency to be based on men's lives and recognises only work that is done for money. A feminist economics perspective recognises the paid and unpaid work of both men and women – Women's Budget Group, UK. https://wbg.org.uk/wp-content/uploads/2018/01/WBG-What-is-Feminsist-Economics-PDF-compressed.pdf and the statement on African Women's Economic Justice http://africclub.net/awdf/wp-content/uploads/AWEF-Statement-FINAL.pdf
Fiscal policy	The means by which a government adjusts its spending levels and tax rates to monitor and influence a nation's economy. It is the sister strategy to monetary policy through which a central bank influences a nation's money supply. These two policies are used in various combinations to direct a country's economic goals.
Flat rate tax	A tax system in which the share of tax paid is the same at all income levels, meaning it does not contribute to reducing inequality.
Gender-responsive budgeting (GRB)	This is a means of integrating a gender perspective into all steps of the budget process – planning, drafting, implementing and evaluating – so as to ensure that budget policies take into consideration the gender issues in society. GRB does not involve creating separate budgets for women and girls, and men and boys. It ensures fiscal transparency and accountability in utilisation of budgetary allocations made to programs benefiting women and girls. As an instrument it is also helpful in evaluating any increases of budget allocations directed at women and girls. The core objective is to ensure that public spending responds to the needs and priorities of women and men, girls and boys across different socio-economic and demographic groups, with the aim of reducing gender and intersecting inequalities.

General sales tax (GST)	A tax added to the value of all sales with no allowance for claiming a rebate on tax paid. Different from VAT, which is only paid by the final consumer and for which each other stage of production needs documented proof of not being a final consumer. Goods and services tax (GST) is the same as general sales tax – name differs from country to country.
Gross domestic product (GDP)	Total value of final goods and services produced in a country during a calendar year. GDP per person – total GDP divided by the population – is the simplest overall measure of income in a country. The change in GDP from one year to another, if positive, is a measure of economic growth.
Gross national income (GNI)	The value of a country's final output of goods and services in a year. It is the GDP plus what a country's residents earn abroad, and minus what is paid out abroad. The GNI has replaced the term GNP.
Illicit capital flight	The process whereby wealth-holders and businesses place their funds and other assets outside the country of residence. The process is illicit if funds are of criminal origin, are illegally transferred or are used for illicit purposes.
Illicit financial flows (IFFs)	This is an umbrella term that covers cross-border movements related to tax abuse, tax avoidance, tax evasion, regulatory abuses, bribery, theft of state assets, laundering of the proceeds of crime and the financing of terrorism.
Income taxes	Taxes on income, profits, inheritance, payroll and capital gains are generally divided between taxes payable by individuals and corporations.
Indirect taxes	A form of tax charged upon transactions, usually on their gross value. Examples include sales taxes, value added taxes, goods and services taxes, stamp duties, land taxes, excise and customs duties, and levies of all sorts.
Macroeconomic policy	This aims to provide a stable economic environment that is conducive to fostering strong and sustainable economic growth. The key pillars of macroeconomic policy are fiscal policy, monetary policy and exchange rate policy. Macroeconomic policy is concerned with the operation of the economy as a whole.
Money laundering	The practice of processing money from criminal or otherwise illicit activities to give it the appearance of originating from a legitimate source.
Multinational corporations (MNCs)	These are usually large corporations incorporated in one country that produces or sells goods or services in various countries. Two common characteristics shared by MNCs are their large size and the fact that their worldwide activities are centrally controlled by the parent companies.
Official development assistance (ODA)	This is defined as flows to developing countries and multilateral institutions that are provided by official agencies or by their executive agencies and that meet the following tests: (a) it is administered with the promotion of the economic development and welfare of developing countries as its main objective; and (b) it is concessional in character and conveys a grant element of at least 25%. Only aid to countries on Part I of the Development Assistance Committee List is eligible to be recorded as official development assistance.
Progressive taxes	A tax system in which, as income rises, the amount of tax paid increases in proportion to the income as well as in absolute terms, that is the percentage tax rate increases as the income rises. These kind of taxes reduce inequalities.
Regressive taxes	A tax system in which those who earn more pay proportionately less tax. These kind of taxes increase inequalities and are the opposite of "progressive taxes".
Revenue	A government's total annual amount of available resources. Revenue is usually divided into tax revenue (money collected from direct and indirect taxation of individuals and companies) and non-tax revenue (government revenue not generated from taxes such as aid, loans, revenue from state-owned enterprises, rents/concessions/royalties and fees).
Royalties	These are usage-based payments for ongoing use of an asset as prescribed in a licence agreement, for example, natural resources such as oil, minerals and forests but also intellectual property including music and pharmaceutical products. Royalties are typically agreed upon as a percentage of revenues raised from the use or gradual depletion of an asset.
Secrecy jurisdiction	These are countries, cities and territories that provide financial secrecy that undermines the regulation of another jurisdiction for the primary benefit and use of those not resident in their geographical domain. Their laws allow banking or financial information to be kept secret under most circumstances. Such jurisdictions may create a legal structure specifically for the use of non-residents.
Sex vs gender	Sex is the biological difference between men and women. Gender is the way in which society assigns characteristics and social roles to women and men.
Social security payments	Payments made towards maintaining government-provided health, unemployment, pensions and other basic social rights. Frequently considered as taxes or social contributions.

Special economic zone (SEZ)	These are similar to the Economic Processing Zones, but the activities can include domestic market-oriented business activities. SEZs have also been used by some countries in the Global South to set up international financial services centres, mirroring prominent secretive jurisdictions like the Dubai International Financial Services Centre and Hong Kong.
Surcharges	This is an extra fee, charge or <u>tax</u> that is added on to the cost of a good or service, beyond the initially quoted price. Often, a surcharge is added to an existing tax and is not included in the stated price of the good or service. Surcharges are a way to indirectly pass costs on to the consumer, by listing a charge separately from the cost of the good or service, which appears to stay at the same price.
Sustainable development	This is development that meets the needs of today, without compromising the ability of future generations to meet their own needs. It includes addressing environmental, economic and community issues.
Tax	A fee levied by a government or a regional entity on a transaction, product or activity in order to finance government expenditure. Tax rates and the tax base are decided by a representative legislative body, based on constitutional provisions.
Tax abuse	A term used by human rights practitioners to refer to tax practices that are considered contrary to the spirit of the law, human rights norms and principles. This may encompass largely similar practices to what is called 'legal' tax avoidance based on a narrower interpretation of the law.
Tax arbitrage	The process by which a sophisticated taxpayer plays off the tax systems of two or more different countries to obtain a tax benefit as a result.
Tax avoidance	A term used in the accounting world to define what is legal tax minimisation within the law, rather than what is illegal (tax evasion). The accounting profession assumes that something that is not explicitly illegal must therefore be legal; and many anti-avoidance schemes exploit loopholes, different tax rates in DTAs and other discrepancies between jurisdictions. It is the practice of seeking to minimise a tax bill within the letter of the law (as opposed to illegal methods, which would be classed as tax evasion or fraud). This often involves manipulating the tax base to minimise the tax payable.
Tax base	The collective value of transactions, assets, items and other activities that a jurisdiction chooses to tax.
Tax burden	The impact that various taxes would have on different sectors of the population.
Tax capacity	A term that denotes the capacity of a sovereign country to raise revenue with regard to its fiscal architecture.
Tax competition	The pressure on governments to reduce taxes, usually to attract investment, either by way of reduction in declared tax rates or through the granting of special allowances and incentives.
Tax compliance	Payment of tax due without engaging in tax avoidance or evasion.
Tax consensus	A set of tax policies promoted by the International Monetary Fund in view of macroeconomic stability, but disregarding equity concerns. Policies include reductions in the rates of corporate and other income taxes; reduction of trade taxes in support of trade and investment liberalisation; expansion of indirect taxation such as VAT; simplification of the tax code; and promoting significant structural overhaul of tax administrations.
Tax dodging	A term that is often used by tax justice campaigners when it is not clear whether tax is being avoided or evaded. It highlights the fact that many tax avoidance strategies are abusive, even when considered legal.
Tax effort	A term used to determine the extent to which a government translates tax capacity into revenue.
Tax evasion	A term used by the accounting profession to define what is illegal tax minimisation. These practices take place in a legal vacuum, amid legal uncertainty or in the context of financial secrecy or lack of public information and information exchange, where the risk of discovery is small. The term is used to denote illegal methods used to pay less tax, also known as tax fraud.
Tax gap	The difference between nominal tax ratios and actual tax revenues. This can be calculated by using various methodologies, for instance the difference between tax capacity and tax effort, or random tax inspections of taxpayers.
Tax havens	Also dubbed offshore financial centres, these are generally countries or places with low or no corporate taxes that allow outsiders to easily set up businesses. They also typically limit public disclosure about companies and their owners. Because information can be hard to extract, tax havens are sometimes also called secrecy jurisdictions. They have the following key characteristics: no or only nominal taxes; lack of effective exchange of information; lack of transparency in the operation of the legislative, legal or administrative provisions.
Tax holiday	A period during which a company investing in a country does not have to pay tax under an agreement with the government.

Tax incentives	This is an aspect of the tax code designed to encourage a certain type of behaviour. This may be accomplished through means such as limited periods of tax holidays or permanent tax deductions on certain items. However, it might also become a space for corporate lobby and misuse of tax breaks, without any return for society.
Tax planning	When tax legislation allows more than one possible treatment of a proposed transaction, the term may legitimately be used for comparing various means of complying with taxation law. It can be pursued so aggressively that it becomes difficult to determine how legal and/or ethical the tax planning actually is.
Tax rate	A tax rate is the percentage at which an individual or corporation is taxed.
Transfer-pricing abuse	This involves the manipulation of prices of transactions between subsidiaries of multinationals, or, more specifically, the sale of goods and services by affiliated companies within a multinational corporation to each other at artificially high or low prices (outside the arm's length range). This may occur for a number of reasons, including to shift profits to low-tax jurisdictions or countries providing preferred tax treatment to certain types of income. Can also be referred to as 'transfer mispricing'.
Value added tax (VAT)	A tax charged to businesses on sales and services, but which allows businesses to claim credit from the government for any tax they are charged by other businesses in the production chain. Different from the general services tax, which does not require proof of being an intermediate producer. VAT is often criticised for being regressive.
Withholding tax	Tax deducted from a payment made to a person outside the country. Generally applied to investment income, such as interest, dividends, royalties and licence fees according to a Double Tax Treaty signed between the two jurisdictions.
World Bank	The term World Bank is commonly used to refer to the International Bank for Reconstruction and Development and the International Development Association. Three other agencies are also part of the World Bank: the International Finance Corporation, the Multilateral Investment Guarantee Agency and the International Centre for Settlement of Investment Disputes. Together, these organisations are referred to as the World Bank Group.
World Trade Organization (WTO)	The only global international organisation dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments.
Zero rate	The term is used in relation to VAT, where the tax is in principle levied but at a rate of 0% so that in effect no tax is payable but will result in refunds of input tax credits.

Glossary Sources

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2. Tax Justice Advocacy: A Toolkit for Civil Society
3. Budget Dictionary by IBP



The Global Alliance for Tax Justice (GATJ) is a South-led global coalition in the tax justice movement. Created in 2013, GATJ comprises regional tax justice networks in Asia (Tax & Fiscal Justice Asia), Africa (Tax Justice Network Africa), Latin America (Red de Justicia Fiscal de América Latina y el Caribe), Europe (Tax Justice-Europe) and North America (Canadians for Tax Fairness & FACT Coalition), collectively representing hundreds of organisations. Together we work for a world where progressive and redistributive tax policies counteract inequalities within and between countries, and generate the public funding needed to ensure essential services and human rights.



The Nawi Afrifem Collective (Nawi Collective) is an African Feminist Political Economy collective founded in 2020 with the purpose of building a community of African feminists and organisations working on influencing, analysing, deconstructing and reconstructing the political economy. As African Feminists, NAWI works to “reclaim the rich histories of Black [women] in challenging all forms of domination, in particular as they relate to patriarchy, race, class, sexuality and global imperialism” in the context of macro-level economic systems. Its African feminist politics are also expressed in its commitment to cultivate macro-level economic alternatives that are grounded in economic justice and liberation of African women, and all those oppressed by unjust systems of power.

