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SHORT-CHANGED:

HOW THE IMF'S TAX POLICIES ARE FAILING WOMEN

LIST OF ACRONYMS AND ABBREVIATIONS

AIDS – Acquired Immunodeficiency Syndrome

ARVs – Antiretroviral drugs

CIT – Corporate Income Tax

DRM – Domestic Resource Mobilisation

FAD – Fiscal Affairs Department

FfD – Financing for Development

FY – Fiscal Year

G77 – Group of 77 Developing Countries

GDP – Gross Domestic Product

GRA – Ghana Revenue Authority

GRPS – Gender Responsive Public Services

GST – Goods and Services Tax

HIPC – Heavily Indebted Poor Country Initiative

HIV – Human Immunodeficiency Virus

HNWIs – High Net Worth Individuals

IFIs – International Financial Institutions

ILO – International Labour Organisation

IMF – International Monetary Fund

LICs – Low Income Countries

LMICs – Low and Middle-Income Countries

MHM – Menstrual Hygiene Management

NHIS – National Health Insurance Scheme

OECD – Organisation for Economic Cooperation and Development

PIT – Personal Income Tax

PTC – Platform for Collaboration of Tax

PRGF – Poverty Reduction and Growth Facility

PRGT – Poverty Reduction and Growth Trust

PSIA – Poverty and Social Impact Assessments

SAPs – Structural Adjustment Programmes

SDG – Sustainable Development Goal

SDGs – Sustainable Development Goals

TA – Technical Assistance

TPAF – Tax Policy Assessment Framework

UAE – United Arab Emirates

UN – United Nations

UNDP – United Nations Development Programme

URA – Uganda Revenue Authority

VAT – Value-Added Tax

VAWG – Violence Against Women and Girls

WASH – Water, Sanitation and Hygiene

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EXECUTIVE SUMMARY

In recent years the International Monetary Fund (IMF) and other multilateral institutions have placed an increased emphasis on gender inequality and the need to address it. This trend has peaked since the 17 Sustainable Development Goals (SDGs) were agreed by the international community in 2015. Yet so far, its approach has been largely instrumental, promoting gender equality as a vehicle for achieving increased economic growth, and proposing simplistic solutions like facilitating women's access to paid jobs. The IMF – like other institutions – has failed to acknowledge that the macroeconomic and tax policy advice it gives to countries reflects and reinforces patriarchal power structures, entrenching, rather than transforming, gender inequality.

Macroeconomic policies, such as taxation, can play a central role in transforming gendered power relations and challenging patriarchal structures and institutions, by facilitating systematic investments in public services, infrastructure and social protection. This should form part of wider strategies to meet national, regional and global commitments on women and girls' rights, including tackling economic inequality and violence, and the financing of wider development.

Gender responsive tax and expenditure policies should be at the heart of the IMF's efforts to tackle gender inequality, but they currently are not.[1] In its 2018 publication, ***How to Operationalize Gender Issues in Country Work***, the IMF has recognised for the first time that its macroeconomic policy advice may have 'differential gender impact[s]… that could exacerbate gender inequality'. However it has not yet effectively systematised the process of investigating the gendered impacts of its policy advice at country level. The guidance note doesn't mention tax as an area where there are differential impacts, nor has it put forward any guidance on what the alternative policy advice might resemble.[2]

Macroeconomic policies, including taxation and spending, are neither gender neutral nor apolitical. In fact, decisions around how resources are raised, managed and allocated are inherently gendered and political. This is both in terms of who makes the decisions and the ways they impact upon particular countries and groups of women and girls within those countries. In this way, tax is a profoundly feminist issue.

This briefing argues that the IMF must urgently analyse the differentiated impacts of its tax policy advice on men and women, particularly women living in poverty. We believe the IMF should switch its focus away from largely regressive indirect taxes, such as Value-Added Tax (VAT), towards more progressive taxes that are directly linked to income and wealth, such as Personal Income Tax (PIT), Corporate Income Tax (CIT), Capital Gains Tax (CGT) and Property Tax.

If the IMF was to make its tax policy advice consistent with an objective to reduce gender inequality, then advice should be grounded in evidence for taxes which will be gender-just and progressive and play the most meaningful role in redistributing wealth to ensure the rights of all women and girls are fulfilled. Progressive taxes ensure that individuals as well as businesses with higher incomes pay a higher share of their income or profits in tax. Because gender discrimination means that women generally earn less than men and have less profitable and productive enterprises, a progressive system of taxation would prevent women on low incomes from being locked into, or pushed further into, poverty because of heavy tax payments. It would also support the fulfilment of their wider social and economic rights by funding quality, gender responsive public services, infrastructure and social protection.

SUMMARY RECOMMENDATIONS TO THE IMF AND NATIONAL GOVERNMENTS

1. The IMF and national governments should contribute towards the creation of an enabling macroeconomic environment for women's rights by adopting an evidence-based comprehensive approach to defining, identifying and addressing how its taxation and wider policy advice impacts upon different groups of women.

2. Minimise and mitigate the regressive impacts of indirect taxes such as VAT and taxes on the informal economy, and commit to pursuing a progressive, gender-just approach to tax that effectively redistributes wealth and contributes to the achievement of women's rights by taxing those with the most ability to pay.

3. Commit to ensuring that tax revenue is allocated and spent in order to meet global commitments on women's rights, including women's economic rights and ending violence against women and girls, and that this is done in a way that is democratic, transparent and accountable.

Photo: Amos Gumulira/ActionAid

Chrissie, 36, is pictured with her children Peace, one, and Ernest, 10, at their family's shop in Chazamakono Market in Malawi's capital, Lilongwe.

1. INTRODUCTION

> 'From our work at the IMF, we know that the fiscal system can help to reduce inequality through careful design of tax and spending policies. Think about making taxation more progressive, improving access to health and education, and putting in place effective and targeted social programmes. Yet these policies are hard to design and – because they create winners and losers – they create resistance and require courage.[3] Nevertheless, we need to get to grips with it, and make sure that "inclusion" is given as much weight as "growth" in the design of policies. Yes, we need inclusive growth.'[4]
>
> Christine Lagarde, Managing Director IMF, 2014

As one of the most powerful global institutions shaping macroeconomic policies, the IMF has a major influence on fiscal policy in most countries. This includes many resource-constrained countries in the Global South. In order to receive a loan from the IMF, countries must commit to adopting a set of prescribed economic policies, a bind known as policy conditionality.[5] The IMF also undertakes annual in-country surveillance of its 189 member countries – a process known as an Article IV consultation.[6] The surveillance reports include further far-reaching policy advice to national governments, which countries that are in a loan programme or seeking to enter into a loan programme are largely compelled to follow, limiting the fiscal space countries have to determine their own economic policies. Many such macroeconomic policy prescriptions relate to taxation and resource mobilisation. These typically include public spending cuts and other associated austerity measures, along with reductions in trade tariffs, with efforts to off-set the subsequent funding shortfall through expanding regressive, largely gender-discriminatory taxes such as Value-Added Tax (VAT).

Feminist economists and women's rights activists have long drawn attention to the patriarchal power structures which mean that – among other things – women:

1. undertake the vast majority of unpaid care work;
2. are much less likely to be the owners of property or capital;
3. are largely employed in the informal economy or in exploitative low paid jobs within the formal sphere;
4. are subjected to systematic levels of gender-based violence;
5. face exclusion from political and economic decision-making from household to global level.[7]

Such entrenched discrimination based on gender as well as other aspects of women's identities – including race, class, age, caste, geographical location, sexual orientation and gender identity, migrant and reproductive status – means that macroeconomic policies, including taxation and spending, are neither gender neutral nor apolitical.

Macroeconomic policies, such as taxation, can potentially play a central role in supporting a transformation in gendered power relations and challenging patriarchal structures and institutions by facilitating systematic investments in public services, infrastructure and social protection. This should form part of wider strategies to meet national, regional and global commitments on women and girls' rights, including tackling economic inequality and violence, and the financing of wider development. Such commitments include the Sustainable Development Goals (SDGs), the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa.

However, this potential remains lamentably unmet by governments around the world and international macroeconomic policy agenda setters like the IMF.[8] The IMF's instrumental and superficial approach to gender equality, combined with the harmful impacts of the majority of its policy advice and lending conditionalities, means that in most cases, it is likely to be doing more harm than good.

Over the past five years, gender has increasingly been on the IMF's agenda. In 2013, the IMF's research on emerging issues – including gender equality and income inequality – recognised that some of these are "macro-critical"– i.e. that they are relevant to the fulfilment of its mandate.[9] The IMF's mandate is to ensure stability of the international monetary system and all macroeconomic and financial sector issues that bear on global stability.[10] Increasing female labour force participation was (and still is) seen as key to boosting growth. Advice from 2015 for staff to 'consider' gender when developing surveillance reports[11] has now been deepened in a 2018 *Guidance Note*, which recognises that macroeconomic policies may have differentiated, negative impacts on women.

However, despite increasingly talking about gender inequality,[12] most of its crucial macroeconomic policy advice and conditionalities – particularly in relation to tax and austerity – continue to exacerbate the economic injustices women face. As explored in this briefing, the IMF is still failing to shape its policy advice in ways that will tip the balance and enable an urgent and dramatic redistribution of wealth away from the top 1%, where money and power is currently becoming increasingly concentrated, back to accountable and sovereign governments for investment in gender equality and the public good.

The IMF must urgently analyse the differentiated impact of its tax policy advice on men and women, particularly women living in poverty. We believe the IMF should switch its focus away from largely regressive indirect taxes, such as Value-Added Tax (VAT), towards more progressive taxes that directly target wealth, such as Personal Income Tax (PIT), Corporate Income Tax (CIT), Capital Gains Tax and Property Tax.

To reform tax policy so that it works for women, better data and more research is needed. Relatively little quantitative research on the differential impacts of taxes on men and women separately has taken place in the Global South. In part, this is because data on the gender split of incomes and taxes paid is not readily available in these countries. The IMF should use its position and global reach to drive investment into data collection systems and help build capacity for government institutions to collect gender disaggregated data on incomes and tax payments.

Regressive tax means that a higher proportion of an individual's income is paid in tax as the total amount of income decreases. Consumption taxes such as VAT and Goods and Services Tax (GST) are the taxes that are most likely to be regressive. Excise taxes can also be regressive.

Progressive tax does the opposite and raises the proportion of an individual's income paid in tax as that income increases. Income taxes including Personal Income Tax (PIT), Corporate Income Tax (CIT), as well as Property Tax and Capital Gains Tax, are usually progressive.

The root causes of gender inequality and the need for the IMF to address them

Patriarchal norms that privilege men, particularly white men from the Global North, over women, particularly women of colour from poor communities in the Global South, underpin social, political and economic relationships and decision-making within families, communities, the state and global governance institutions. Women and girls face discrimination, poverty, limitations on their mobility, violations of their sexual and reproductive health rights and multiple forms of violence, simply because they are female.

Social norms that designate women as 'nurturers' mean that globally, women take on three times as much unpaid care and domestic work as men.[13] This disproportionate care burden is greatly exacerbated in contexts of poverty where there is no access to affordable care services for children or elderly relatives, or where women must travel long distances – often on foot – to fetch water and fuel for cooking, or to access critical health care, including services vital to women's sexual and reproductive health rights. The physical demand this places on women's bodies and their time can limit their right to engage in decent paid work opportunities, political decision-making or rest and leisure.

The responsibility for unpaid care and domestic work within households and communities is often shared by girls, a factor which contributes to girls being less likely to complete their education than boys. Better infrastructure outside schools, such as freely accessible clean water and sanitation, as well as improved health care and safe public transport, is urgently needed to reduce the unpaid care and domestic work burden of all women, and to help ensure that girls are not prevented from attending school.[14]

Significant funding and political will is also needed to improve infrastructure inside schools, for example to provide water, sanitation and hygiene (WASH) facilities and menstrual hygiene management (MHM). A 2014 UNESCO report estimates that one in 10 girls in sub-Saharan Africa miss school during their menstrual cycle, in large part due to an absence of such facilities.[15]

Feminist economists and activists have long argued that unpaid care and domestic work – which is fundamental to the social reproduction of human beings, societies and economies – needs to be recognised, both in terms of its inherent value, as well as its major contribution to the economy, as well as reduced and redistributed.[16] Reduction and redistribution needs to happen beyond the household – unpaid care work also needs to be redistributed from households and communities to the state through the provision of quality universally accessible gender responsive public services (GRPS). Target 5.4 of the SDGs highlights the need to recognise and redistribute unpaid care for the first time in a global set of commitments.

GENDER RESPONSIVE PUBLIC SERVICES (GRPS): DEFINITION

To be gender responsive, services need to be designed and delivered in direct consultation with particular groups of women, including the most marginalised, to ensure their specific rights and needs are addressed, and that there is a direct line of accountability to the state as the principal human rights duty-bearer. These services include infrastructure such as water and sanitation, roads and transport, electricity and care services, including early childcare, healthcare and care of the elderly. ActionAid's GRPS framework (page 20) elaborates on how these services need to be universal, free, accessible, appropriate and accountable.

Women are prevented from earning equal incomes to men because of their burden of unpaid care work; both women and girls fill the gaps when publicly-funded services are absent or cut. The gender gap in earnings is also fuelled by discriminatory norms that deny women equal pay for work of equal value and see women concentrated in the most low paid, least productive and vulnerable forms of work, where many frequently experience violence and harassment.[17] The International Labour Organisation (ILO) has found that in developing countries 82% of women were in vulnerable forms of employment in 2017, compared to 72% of men.[18] Vulnerable employment refers to own account workers[19] and contributing family workers who are likely to lack elements of decent work such as regular incomes, job security, social security and a voice at work, including collective bargaining rights.[20] Women are also less likely to own or control assets such as property or land, which limits their earning potential, for instance denying them access to credit[21] and ability to farm their own land.

GRPS are also key to prevent and respond to the endemic levels of violence against women and girls (VAWG). Globally, one in three women will experience violence in their lifetime.[22] This is most often committed by an intimate or former intimate partner, but is also perpetuated at the hands of family members, colleagues, teachers, the police and other authorities, corporate entities, acquaintances and complete strangers. Women and girls regularly endure threats and acts of physical violence, including murder, as well as verbal harassment, economic coercion and control, and sexual assault and abuse, whether in their homes, in public spaces, schools and universities, or at their places of work. VAWG also includes harmful practices such as early, child and forced marriage, female genital mutilation and so-called 'honour' based violence. Alongside financing measures to tackle the harmful social norms that underpin VAWG, states urgently need to boost investments in specialist health and psychosocial support services, women's shelters, gender responsive police and justice services so that perpetrators can be held accountable, as well as wider infrastructure, such as street lighting and safe transportation.

Decades of tireless campaigning by women's rights organisations and movements all over the world have led to numerous global and regional conventions and frameworks committing governments to end gender inequality and discrimination in all its forms.[23] In order to fulfil these commitments and realise women and girls' human rights, governments must, among other things, urgently maximise their domestic resource base and channel this towards investments in GRPS, including infrastructure and social protection as outlined in ActionAid's framework for GRPS (page 20).

HOW IMF ADVICE TO COUNTRIES HARMS WOMEN'S RIGHTS

The SDGs have a stand-alone goal of achieving women's empowerment, and gender is integrated throughout. Yet despite explicitly stating its support to the SDGs,[24] IMF policy advice and lending conditionalities still compel countries to follow a path of fiscal consolidation by cutting spending and privatising services, leaving states without the capacity or resources to fulfil their commitments on women's rights and gender equality.

Cuts to public spending

The history of IMF macroeconomic policy influence in the Global South, particularly with regards to public spending, is one in which women have been disproportionately and negatively affected. In the 1980s and 90s, many countries in sub-Saharan Africa, Asia and Latin America experienced severe debt crises (a situation which is arising again today)[25] and were forced to undergo far-reaching Structural Adjustment Programmes (SAPs) at the behest of the IMF and World Bank. These programmes entailed severe cuts to the public wage bill and expenditure, privatisation of services and assets, deregulation of labour and capital markets for exports, and liberalisation of trade and financial flows. These measures encapsulate the prevailing neoliberal economic model that is underpinned by an assumption that the private sector and the market economy is the most efficient means of increasing productivity and generating economic growth. Shrinking public enterprises and investment in export industries affected women wage earners directly. Other aspects, like cutbacks in public health care, education and food subsidies or social security programs, affected women indirectly by increasing their unpaid care burden and exacerbating existing gender inequalities.[26]

Still today, IMF macroeconomic policy advice frequently supports fiscal consolidation, which includes cutting public spending and increasing tax revenues without consideration of the gendered effects of these policies. The International Labour Organisation (ILO) has projected that this standard set of austerity measures, accompanied by liberalisation, privatisation and deregulation of economies, will be applied by more than two-thirds of all countries between 2016 and 2020, affecting more than six billion people,[27] half of whom are women and who stand to bear the most painful brunt of such policies.

Regressive instead of progressive tax policy advice

If the IMF was to make its tax policy advice consistent with an objective to reduce gender inequality, then advice should be grounded in evidence for taxes which will be gender-just and progressive, and play the most meaningful role in redistributing wealth to ensure the rights of all women and girls are fulfilled. Progressive taxes ensure that individuals as well as businesses with higher incomes pay a higher share of their income or profits in tax. Because gender discrimination means that women generally earn less than men, if progressive taxes are effectively implemented and combined with government spending focused on the delivery of good quality GRPS, they would support the fulfilment of women's wider social and economic rights by funding quality, gender responsive public services, infrastructure and social protection.

An over-emphasis on VAT

IMF tax policy advice contained in surveillance and loan programmes continues to regularly encourage governments to introduce or raise rates of VAT or sales tax, an indirect tax which can have highly regressive impacts, particularly for women. Partly due to the IMF's advice, consumption taxes – either VAT or Goods and Services Tax (GST) – are found worldwide. As of 2018, 166 of the world's approximately 193 countries employ a VAT.[28] In sub-Saharan Africa, about 25% of tax revenue comes from VAT.[29]

In May 2018 alone, the IMF has been reported to promote introductions or increases to VAT or removing exemptions to VAT rates in Nigeria, Albania, UAE, Egypt, Kuwait, the Bahamas, Oman, Ireland, Kenya and Saudi Arabia through its lending or surveillance activities.[30] Similarly, a study of public IMF documents for all Poverty Reduction and Growth Trust (PRGT)[31] countries in 2013-14 indicates that the IMF discussed VAT in 60% of programmes – 69% in sub-Saharan Africa – mainly with a focus on increasing collection and broadening the base.[32]

In most cases, VAT is almost certain to have regressive, gender-discriminatory impacts because the tax rate is the same no matter an individual's income. Women generally have lower incomes than men because they tend to earn less than men and

WHAT IS VAT?

VAT is a type of sales tax that is placed on a product whenever value is added at a stage of production and at the point of retail sale. It is generally levied at each stage in the chain of production and distribution, from raw materials to the final sale, based on the value (price) added at each stage. End consumers pay the full cost of VAT.[33]

A **VAT exemption** means that a firm does not collect VAT at the final point of sale to consumers. However, the firm will have paid VAT on the inputs it has used in the production process. The VAT burden therefore rests with the firm. This differs from a **VAT zero-rating** which again means that no VAT is paid on the final product, but the producer can claim a refund for the VAT it has paid on its inputs. Compared to VAT exemptions, zero-ratings are said to require tighter oversight and administration of refunds, and they are consequently less used. However, zero-rating products doesn't produce unfair outcomes between producers. For instance, if women are more involved in the production and sale of goods which are zero-rated, they can then claim back the VAT paid on the inputs just as other producers would if they are selling goods subject to VAT. However, if women run businesses where the final goods are VAT exempt, then they can't claim back the VAT they paid on the inputs and there is an inequality vis-a-vis businesses that produce goods not subject to an exemption.[34]

have less access to and control over money and other financial resources. Women also tend to spend a higher proportion of their income on food and other consumables for their households due to their disproportionate burden of unpaid care work. For these reasons the regressive impacts of VAT or sales tax have a particularly pronounced effect on women. There is evidence that in many Latin American countries, the poorest households spend the highest proportion of their income in consumption tax.[35]

Studies have shown that exemptions or zero-rating on goods such as basic foodstuffs, necessities and fuel for cooking can cushion women, especially those from the poorest households and communities, from the regressive impacts of this tax.[36] For instance, studies carried out in Argentina, Ghana, Mexico, Morocco, South Africa, Uganda and the United Kingdom have found that placing exemptions or zero-ratings on staple goods can successfully avert the heaviest burden of indirect taxes from falling on female-headed households.[37] In India, on the other hand, where basic food items are not exempted from VAT, female headed households, especially those in the poorest communities, in general pay the highest proportion of their income on such indirect taxes when purchasing food.[38]

An added injustice is when VAT or sales tax is added to feminine hygiene products, such as sanitary towels and tampons. Access to such products is essential for women and girls to be able to go to school and work,[39] determining their rights to dignity and mobility. Campaigns for VAT to be lifted from these products have been successful in Kenya[40] and similarly Goods and Services Tax (GST) has been removed from sanitary products in India.[41]

However, the IMF often advises countries to remove exemptions so that administrative complications are reduced and to improve the effectiveness of tax collection.

The IMF justifies its use of 'regressive but efficient taxes, such as the Value-Added Tax (VAT)' by arguing that it 'can be used to finance progressive spending'.[42] This approach, however, risks continuing the economic marginalisation of women without any evidence that progressive spending is reaching the same women who are out of pocket as result of the regressive tax.

Taxes on the informal sector

Informal workers include those who are self-employed, such as street vendors and petty traders in goods or services, as well as subsistence farmers, who grow enough food for their families and perhaps a little extra to sell or exchange. **Informal work** also includes waged workers in domestic or seasonal agricultural work, as well as subcontracted industrial outworkers who work from their homes or small workshops.[43]

In many countries in the Global South, most economic activity takes place in the informal sector. In South Asia, sub-Saharan Africa and East and South East Asia (excluding China), more than 75% of all jobs are informal.[44] Informal sector work generally falls far short of decent work standards[45] and far beyond the purview of labour laws. Work is typically low paid and insecure, with little, if any, access to social protection such as paid maternity leave, paid sick leave or a pension plan, along with limited opportunities to organise and engage in collective bargaining or other action to defend their rights as workers. Women are more likely than men to work in the informal

CASE STUDY: IMF TAX POLICY ADVICE TO GHANA AND ZAMBIA 2000-2017

ActionAid reviewed publicly-available IMF documents relating to loan agreements and Article IV consultations for both Ghana and Zambia over the period 2000-2017.

Despite Ghana cutting its poverty rate[46] from 56% in 1992 to 24% in 2013,[47] levels of inequality are growing; the wealthiest 10% consumes 6.8 times the amount of poorest 10%.[48] Furthermore the country ranks 131st out of 188 countries on the gender inequality index[49] and almost a quarter of women in Ghana have experienced intimate partner violence at least once in their lifetime.[50]

There is a similar picture in Zambia where the poverty headcount declined from 62.8% in 2006 to 60.5% in 2010.[51] Yet by some measures inequality is getting worse; the Gini coefficient[52] increased from 0.60 in 2006 to 0.65 in 2010. The situation for women is worse than for men as Zambia ranks 124th out of 188 countries on the gender inequality index. Nearly half (43%) of women in Zambia have experienced intimate partner violence at least once in their lifetime.[53]

Ghana has been engaged in 16 lending programmes since it joined the IMF in 1957. With a programme lasting roughly three years at a minimum, that leaves only about 13 out of 61 years where Ghana has not faced IMF-imposed constraints on its macroeconomic policy. Since 2001, the country has been engaged in three IMF lending programmes, starting with the Heavily Indebted Poor Country Initiative (HIPC) (2001-2006), for which having an IMF programme was a precondition. This loan programme ended in 2006. Ghana was then granted an Extended Credit Facility – an IMF loan specifically for low-income countries with protracted balance of payments problems[54] – from 2009 to 2012 and again from 2015 to 2018.

Zambia has also been granted three IMF loans since 2000: a three-year arrangement under the Poverty Reduction and Growth Facility (PRGF) (2004-2007), a second three-year arrangement under the PRGF (2008-2011) and an Extended Credit Facility (also 2008-2011).[55]

Most of the policy advice to the two countries on tax was contained in the highly influential surveillance reports. Much of the advice was likely to increase the regressive nature of the tax system. The reports included recommendations to increase revenues collected through indirect taxes such as VAT and excise taxes, and to remove exemptions on VAT with no accompanying analysis of how this might affect those on low incomes, including women.[56]

In fact, none of the policy advice included a gender impact analysis. There was occasional recognition by the IMF of the impact of tax policy changes on low-income groups, but no acknowledgement of (or attempt to measure and mitigate) any potential gender discriminatory impacts and outcomes. For example, in Zambia, when recommending changes to the tax treatment of some unprocessed agricultural goods, medical supplies and drugs from being zero-rated to VAT exempt, the IMF acknowledged that this ‘may raise production costs and could lead to some price increases’. But the actual impact of the price increases was not measured, and the mitigating measures suggested – a 1% of GDP increase in ‘poverty-reducing expenditures’ – seem to refer to changes that were planned anyway in response to other factors, rather than planned to reduce the negative impact of the tax change.[57]

Standard IMF tax policy advice is to remove exemptions because of the administrative complications they introduce into tax collection. For example, in Ghana, the IMF supported the introduction of VAT on petroleum products as well as on real-estate[58] and financial services.[59] Given that women’s disproportionate share of unpaid care work can involve sourcing fuel for cooking, such as paraffin or kerosene, and that female-headed households are over-represented among the poorest, VAT on fuel could have very negative consequences for women. A tax on financial services, however, is likely to be progressive because it would be raised on profitable businesses such as banks and financial services which are used by those with higher incomes.

Positively, advice to both Zambia and Ghana on taxing their mining sectors cautioned against granting tax holidays and Corporate Income Tax (CIT) exemptions.[60]

Overall, however, with a few exceptions,[61] in the numerous documents we reviewed there was little advocacy for an increased role for more progressive types of tax, such as Personal Income Tax, Property Tax or Capital Gains, as a means to increase the revenues raised from those most capable of paying in order to address gender and wider social and economic inequalities.[62]

sector and to be clustered in the types of work that are the most vulnerable and least well-paid.[63] For example, one of the most vulnerable forms of informal employment is contributing family work, when workers are employed without direct pay in family businesses or farms. In developing countries, contributing family work accounted for 42.3% of female employment in 2018, compared to 20.2% of male employment.[64] This type of work can limit women's autonomy and decision-making power in the household.

Despite high concentrations of poor, socially and economically marginalised groups within the informal sector, and the deeply gendered and discriminatory ways in which women and men are organised within it, the IMF sees taxing the informal sector as an important way of increasing tax revenue in low-income countries. For instance, IMF staff advised Zambia to reduce government borrowing through 'improving tax administration and widening the tax base by further bringing the informal sector into the tax base'.[65]

There is no fixed definition of what constitutes an informal sector tax. In our study of tax payments in one municipal area in Ghana, the local authority reported several sources of revenue that could be classified as an informal sector tax. These included trading licences and fees, rates and permits, and fines and penalties.[66] On top of this are user fees which people must pay to access services such as waste removal from the market or shops, and the public toilet.[67] Women and men who work in the informal sector often already pay taxes, such as taxes to local government which may not be captured in national level statistics, and user fees to access services such as toilets, water and healthcare. These can place a disproportionate burden on women given their reproductive health needs and their unpaid care responsibilities, including caring for children, the elderly and the sick. Research carried out in Uganda on taxes paid by market traders, who are disproportionately women, has found that these taxes are regressive and place a higher burden on women who trade in smaller items than men,

MARKET TAXATION IN IN THE GA WEST MUNICIPAL DISTRICT OF GHANA: A RAW DEAL FOR WOMEN

The taxes that are raised in the informal sector in Ghana are many and varied. They include market fees and levies, rents and fees that could be considered a tax, such as fees for use of a toilet that is owned and controlled by the local authority.

In 2005, the government introduced the tax stamp, targeting informal sector activities. It is collected from small-scale self-employed workers in the informal sector on a quarterly basis. Businesses are grouped according to business type and class/size, which should make it a relatively more progressive tax. The Ghana Revenue Authority (GRA) officials 'sell' tax stamps which the payee is then supposed to display in their shop or at their site of business.[68]

ActionAid interviewed 130 women and 25 men living in the Ga West Municipal District of Ghana in the Greater Accra region, to find out about the tax payments that they were making.[69] More than half (58%) of the sample were traders by occupation, demonstrating that a large number of women work in this role in this area of Ghana.

Just less than half (49%) of the sample felt that the taxes they paid were not fair, while 12.5% believed that they should not have to pay tax at all. In order to levy the tax stamp on small businesses the GRA is supposed to interview businesses before imposing a provisional tax based on their income. The taxpayer is then expected to file tax returns at the end of the year to enable the GRA to determine its final tax. However, the traders we interviewed were not aware that they were required to go to the GRA offices to open a tax file or to submit a tax return for their businesses. Instead, the GRA visits their business premises and imposes a tax based on the size of their stores and the type of merchandise they sell.[70]

In these comments the interviewees reflect on the difficulty they have paying tax:

"As women we need the money to take care of our families, but we pay (tax and levies) and we see no improvement in our conditions"

"Petty traders like me should not pay tax because we don't get enough profit from the things we sell"

"I don't know what they use our money for"


Photo: Arjen van de Merwe/ActionAid

Doris, a farmer, sells dried Usipa (a small, sardine-like fish) caught from Lake Malawi at a market in Chasezi Village, Malawi. As well as selling fish, Doris grows maize and tobacco.

who trade bigger items such as livestock.[71,72] A study carried out in Ghana also found that overall market taxes were regressive as larger traders pay a monthly fee that is less in total than the daily fee. Politically-connected traders who were related to local chiefs and/or tax collectors were found to often be informally exempted from market fees.[73]

These findings demonstrate that the IMF should map and analyse the distributional impacts of all the taxes already paid by people working in the informal sector, disaggregated by gender, before advising governments on changes to taxes that will affect the informal sector.

A LONG WAY FROM DECENT WORK: CONDITIONS FOR WOMEN TRADERS AT NAKONDE MARKET, ZAMBIA

About 90% of the traders in the Nakonde district of northern Zambia are women. Many of the women reported a major lack of public services to maintain the market place and support their right to decent work. The market has no running water and only one toilet, which is managed by the council. Women must pay K2.00 each (about US$ 20 cents) each time they want to use it. Although the markets are cleaned by the local authority, there is no designated refuse area. Traders have picked a small open corner within the market to deposit rubbish. This makes the market extremely unsanitary, especially for most traders who are women and work in the market with children on their backs because there are no early-years childcare facilities.

WOMEN DEMAND BETTER PUBLIC SERVICES IN ZAMBIA

ActionAid supports women to represent their rights to those in government (duty bearers) who can act with public funding to improve public services. ActionAid Zambia worked with women in the Kantaba area to demand access to clean water from their government.

Citizens of Kataba were collecting water from shallow sources on the Zambezi plains, which resulted in widespread health problems especially among infants. It took women and girls an average of 50 minutes to access the unsafe water. However, after action by the women's groups directed at local government, the local authority installed a borehole and water pump in the Kataba area. Travel time to fetch water has reduced from 50 minutes to 10 to 15 minutes and the instances of diarrhoeal diseases are much reduced.

2. HOW TO RAISE INCOME IN A PROGRESSIVE AND GENDER RESPONSIVE WAY

A distributional analysis as the starting point

As we have already stated, taxation plays a key role in the fulfilment of women's rights. Tax offers governments the most sustainable and dependable way to maximise and mobilise domestic resources to deliver good quality GRPS and other policies that will end gender inequality. Patriarchal power structures situate women – especially women from groups facing additional forms of identity-based discrimination – in a position of relative social, economic and political disadvantage. This leads to gendered patterns of employment and spending, which in turn means different types of tax will impact men and women differently.

In 2001, the IMF and World Bank began to conduct Poverty and Social Impact Assessments (PSIA) of key policy conditions in their macroeconomic programmes, to assess their potential impact on poverty. Work on PSIA was scaled back in the IMF from around 2005 and there has been very little incidence analysis of tax reforms in IMF programmes since then.[74] But as the Ghana and Zambia case studies show, IMF tax policy advice is rarely accompanied by any form of distributional or gender analysis. The analysis presented above demonstrates that such an ungendered approach does not, however, hold gender neutral impacts – quite the contrary. Both past and current tax policy advice frequently encourages countries to raise additional revenues they need through more regressive types of taxation like VAT, rather than through progressive taxes.[75]

Independent incidence analyses which study the effect of different taxes on inequality or the tax burden on different income levels have been carried out by academics in some low-income countries.[76] There have also been a few studies of the gendered impacts of taxation.[77] A recent working paper[78] published by the IMF investigates the macroeconomic and distributional impacts of VAT, Personal Income Tax (PIT) and Corporate Income Tax (CIT) in low-income countries (LICs). It finds that VAT has the least efficiency costs but is particularly regressive in low-income countries, whereas PIT and CIT have considerably better distributional impacts, as most of the tax burdens fall on rich urban households.[79]

A 2011 study on the impact of different taxes on inequality analysed data from more than 150 countries during 1989–2010 and found that, on average, Personal Income Tax (PIT) was mildly progressive (reducing the Gini coefficient by 0.09 for each 1% of GDP it collected); Corporate Income Tax (CIT) highly progressive (reducing Gini by 0.7); customs and excise duties mildly regressive (increasing Gini by 0.23 and 0.26 respectively); and VAT moderately regressive (Gini +0.49).[80]

Data on men and women's individual income, taxation and spending is not readily available in low-income and middle-income countries. However, we know where women are in the economy: in the poorest paid informal jobs, overburdened with unpaid care and domestic work and with much less access to, control over and ownership of economic assets and decision-making.[81] Therefore, gender blind and regressive tax policies can hold back progress on women's human rights and exacerbate women's economic inequality even further.

The IMF has said it will pilot VAT impact assessments including a gender dimension. So far there has been just one such report[82] – a 2018 IMF country report for Nigeria – which includes analysis of the impact of a change to VAT on the population. The report models the impact of six scenarios that combine increases in VAT rates and compliance on revenues and different measures of poverty and inequality – a useful exercise to assess the impact of tax policy change prior to its adoption.[83] However, in only one of the six scenarios does the report calculate the different impacts of VAT increases for male and female-headed households. This is a start, but doesn't enable any comparison between the different scenarios.[84] But given that the actual impacts on men and women are better revealed through individual data rather than household data, the collection and analysis of gender disaggregated data is required for a truly gendered distributional analysis.

In another potentially significant development, the IMF and World Bank are developing a new Tax Policy Assessment Framework (TPAF) tool, aimed at helping decision-makers assess the various trade-offs of tax policy. The TPAF will take the shape of a publicly available website compiling IMF and World Bank advice on how to design and assess different types of tax including PIT, property, wealth, VAT and CIT in one place. It is vital that the equity considerations for each type of tax is included and explicitly includes gender.[85]

Bolstering direct taxes on higher income earners and corporates

Direct tax includes Personal and Corporate Income Tax (i.e. taxes on corporate profits) and is the most progressive tax that exists in most countries. It therefore has the potential to address social and economic inequalities based on gender, class, religion, sexual orientation and migrant status, among others, by redistributing resources from the wealthiest to the poorest, notably by funding gender responsive public services, infrastructure and social protection. Although there are signs that the wealthiest individuals and corporates in low and middle-income countries are evading or under-paying the income taxes due from them, the IMF is reticent about calling out this tax gap because it requires confronting political interests. But economic justice for women, as well as wider social equity for all, cannot be achieved whilst this major gap persists.

Corporate Income Tax

Corporate Income Tax (CIT) makes up twice as much of government revenues in low and middle-income countries (16%) as it does in high-income ones (8%).[86] This shows the importance of CIT in these countries, indicating that it is a source of revenue that must be protected. While the IMF does discourage governments from granting tax incentives and tax holidays to companies, this practice remains popular. ActionAid found that for 15 developing countries that report the value of their corporate tax breaks, 12 forgo revenues of more than 0.5% GDP – amounting to billions of dollars every year -and this is likely to be an underestimate.[87]

The IMF has not done enough to bolster the vital revenue developing countries could gain from corporate taxes. IMF director Christine Lagarde stated in 2014 that 'there would be more revenue for all if countries resisted the temptation to compete with each other on taxes to attract business. By definition, a race to the bottom leaves everybody at the bottom'.[88] Yet the IMF has contributed to the race to the bottom through recommendations to countries to lower their corporate tax rates; a review of IMF recommendations to countries between 1996 and 2008 found that there was a recommendation to reduce corporate tax rates in 16% of IMF papers.[89]

Since then, the IMF has recognised that the effects of one country's tax rules and practices on others (so-called 'international tax spillovers') are significant and that the institutional framework for addressing this

Photo: Nicola Bailey/ActionAid

A woman working in a garment factory in Bangladesh.

is weak. Tax avoidance by multinational corporations is widespread and has been estimated to cost developing countries between US$100 billion[90] and US$200 billion[91] a year in lost tax revenue.[92] The IMF has not done enough to work with other global players in international tax such as the Organisation for Economic Cooperation and Development (OECD) and the United Nations (UN) on ways to address and reverse the downward pressure on corporate tax revenues. As a result, governments have limited funds to spend addressing gender inequality.

Personal Income Tax

Men are more likely to be in formal salaried employment and in receipt of incomes that are above the threshold for PIT, due to the patriarchal nature of the economy and society, which leads to gender segregation in the labour force and sees women concentrated in lower-paid roles and paid less for work of equal value. If a Personal Income Tax has a threshold which ensures people earning a low-income are not taxed and marginal rates are set at appropriate levels, then it will act as a progressive way to raise tax. However, we cannot assume that because the structure of direct tax (both Corporate and Personal) is progressive in theory, that the outcome of the tax is progressive in practice.

In Uganda, for instance, an analysis of 71 government officials (the majority of whom are likely to be men given that men dominate political decision-making roles in Uganda) and their tax compliance over the period 2011/2012 to 2013/2014 found that although they all had stakes in commercial enterprises, only one of them paid Personal Income Tax in those three years and the companies they were associated with also did not comply with their tax obligations.[93] Research into tax payments by company directors in Uganda found that they too were paying very little in tax even though their companies were among the top taxpayers.[94]

In a bid to tackle this problem, the Ugandan tax authority established a High Net Worth Individual unit in 2015 which has succeeded in gathering much higher tax revenues from this group.[95] However, the evidence on the under-enforcement of tax before 2015, and the serious under-resourcing of tax authorities in developing countries, is indicative of a problem that is likely to be widespread in low-income countries.

The IMF is aware of the difficulty of enforcing tax collection from the wealthy. A senior staff member from the Fiscal Affairs Department said that 'the problem with progressivity is collecting Corporate Income Tax and tax from the upper quintile. That is an increasing focus of our work, but it is hard to do because of political economy, technical capacity and tax avoidance'.[96]

One reason the IMF shies away from confronting these challenges head on is that it claims to be apolitical based on its Articles of Agreement,[97] and sees tackling political economy obstacles (meaning obstacles that arise from entrenched relationships between political and economic processes and power) as beyond its remit. Instead, IMF staff focus on other 'easier to collect' taxes such as VAT when advising countries, which will only deliver regressive, gender-discriminatory tax systems and low tax morale.[98]

As such, the IMF rarely advocates ways to increase the tax base through Personal Income Tax in its policy advice. For example, an analysis of IMF advice to five countries, including Ghana, from 2005-2010 found no evidence that the IMF had suggested changes to make PIT more or less progressive.[99]

At a time when globally the richest 1% are on course to control as much as two-thirds of the world's wealth by 2030, it is unacceptable for the wealthiest in any society not to be paying the taxes they are legally obliged to.[100] This is critical to addressing growing inequality: wealth is accumulating at the top and being hollowed out underneath – a mushroom economy – with women carrying a disproportionate load through their paid and unpaid work. Given its power and influence in shaping tax and wider macroeconomic policies, the IMF has a key role to play and must commit to confronting such 'political economy' obstacles.

Any policy advice on tax, as well as the tax policies themselves, are political and deeply gendered by default, because any change in the tax burden on individuals will create differentiated impacts based on social and economic status and identity. By sticking to recommendations on VAT the IMF is failing to draw attention to the large amounts of revenue that are being foregone through tax evasion and avoidance.

Capital Gains and Property Tax

Wealth is distributed even more unequally than income, including between men and women.[101] For example, despite being the majority of farmers and producers in many countries, women own less than 20% of the world's agricultural land.[102] A household survey of 800 men and women recently conducted by ActionAid Ghana found that women are less likely to be owners or have rights to assets which are held by a household including the house, agricultural land and means of transportation. Out of 485 female respondents, only three women were sole agricultural land owners compared to 60 out of 474 men.[105]

TAX GAPS AND FUNDING SHORTFALLS FOR WOMEN'S PROTECTION CENTRES IN UGANDA

In Uganda, tax revenue lost in this way has contributed to huge gaps in financing that is essential if the government is to meet its obligations to achieve gender equality. This includes commitments to eliminate violence against women and girls (VAWG.) Over half of all women in Uganda (56%) have experienced violence at least once since the age of 15, mostly at the hands of a current or former intimate partner.[103] Yet the Ministry of Gender, which has responsibility for delivering the country's Domestic Violence Act (2010), receives just 1% of the national budget.[104] Uganda has only 16 women's protection centres in a country of 40 million people, all of which are managed by women's rights and civil society organisations in partnership with the Ministry of Gender and other public service providers.

As a result, taxing wealth or the income generated from wealth is another important component of a progressive tax system that would help developing countries raise sufficient funds to plug the huge gaps in gender responsive public service provision.

Moreover, the study of taxation of high net worth individuals in Uganda[106] (see page 16) suggested that wealth tended to be invested in property and land. In many rural areas, the symbols of wealth include large chunks of (agricultural) land and livestock.[107]

However, Capital Gains and Property Taxes, which target those most able to pay, are often under-utilised or under-enforced in developing countries.

Regrettably, a major obstacle to taxing the wealthy in this way is, again, the prevalence of tax avoidance and evasion by the rich. Recent academic research suggests that roughly 8% of all household financial wealth – about 10% of global GDP – is held offshore in low-tax jurisdictions, and roughly three-quarters of this goes unreported.[108] For developing countries, the figures are even starker. Some 22% of all Latin American financial wealth is estimated to be held overseas, and for Africa, the number rises to 30%.[109]

If the income generated from property, land and other assets are not being taxed this creates gender bias in the tax system.[110] As with other direct taxes, Property and Capital Gains taxes are likely to be resisted by those who will be affected by them. The way to improve enforcement of these taxes is with political will and compliance from the government alongside meaningful support from institutions like the IMF and OECD, including global measures to address tax avoidance and evasion through base erosion and profit shifting into tax havens.[111] Civil society has been and will continue playing a key role in holding governments to account on tax justice, including women's rights organisations and the broader feminist movement.[112]

The IMF's recent work on inequality in the October 2017 *Fiscal Monitor* recognises the role of progressive taxation and wealth taxation in reducing inequality.[113] But it is vital that the IMF demonstrates a commitment to the enforcement of progressive taxes in its correspondence and advice to governments.

3. HOW TO SPEND INCOME IN A GENDER RESPONSIVE WAY

Ensuring tax policies are gender-just and socially equitable in the way that they are raised is just one side of the coin of ensuring economic justice for women. The ways in which domestic resources, including tax revenues, are spent, which services and sectors are prioritised, and who gets to decide on behalf of whom, are also fundamental to the fulfilment of women's rights and to governments meeting their commitments in this regard.[114]

However, as we have heard, IMF loan conditionalities can effectively limit the amounts governments can spend on public goods and services, and influence which sectors are faced with cuts or prioritised for investment. In doing so it undermines both state sovereignty as well as the 'social contract' between states and citizens. The IMF is advocating for increased investments in infrastructure, education and early-years childcare in some country contexts (and now includes this as a conditionality in its lending programmes in Jordan and Egypt)[115,116] in order to help address gender inequality. However, this is being done largely with the aim of increasing women's labour force participation rather than the fulfilment of their rights. No attention is given to the quality of work women are able to engage in (which may be severely disempowering), nor is there recognition of the harmful impacts on governments' abilities to raise and spend domestic resources contained in much of the IMF's policy advice and conditionality.

Taxation needs to be spent in a way that is transparent and accountable to all citizens, including women working in the informal economy and providers of unpaid care. A critical prerequisite to public services being gender responsive, is women's active participation in the development of budgets through gender-budgeting approaches. In addition there needs to be public scrutiny of how resources are spent and the quality, accessibility and appropriateness of the services delivered.

In the research carried out by ActionAid with communities in Ghana and Zambia, women and men were paying taxes but seeing very few public services delivered. These gaps in service provision have severe – even fatal – consequences for women.

GENDER BUDGETING

Gender budgeting aims to ensure that government programmes and policies can promote women's economic development and gender equality. Firstly, the process must analyse the budget to see how financial resources are allocated with respect to different genders. After assessing the specific needs, fiscal authorities can use gender budgeting to set key goals, allocate funds correspondingly, and monitor and evaluate achievements.[117]

The process of gender budgeting includes conceiving, planning, approving, executing, monitoring, analysing and auditing budgets in a way which explicitly tracks what proportion of public funds are being targeted to women and girls compared to men and boys. It should engage women from all income groups collectively in decision-making relating to public spending, service design and delivery and holding governments to account.

Although gender budgeting has been adopted in many countries, the quality of design, scope and implementation varies enormously. India, Rwanda and Bangladesh have been cited as among the best examples.[118] The IMF has produced research on gender budgeting initiatives[119] and has developed a dataset to track which countries are implementing gender budgeting.[120]

However, focusing on gender budgeting alone will not generate the systems change that is needed and it must form part of a bigger effort to transform economic structures so that they promote women's rights.

THE LACK OF PUBLIC SERVICES: REAL LIFE IMPACTS ON WOMEN IN GHANA AND ZAMBIA

Major gaps in services provision in the Ga West Municipal District of Ghana[121]

In a survey of 130 women and 25 men living in the Greater Accra region of Ghana, ActionAid found that, although many people were paying taxes, there were serious gaps in public service provision, which were also of poor quality. Although the responses are not disaggregated by gender, these shortfalls will almost certainly be felt most acutely by women given their socially-ascribed role as principal providers of unpaid care.[122] We found that:

- 74% of the respondents didn't have access to publicly provided water.
- 24% of the respondents had access to sanitation services, but these were only free for 2% of the respondents.
- Only 68% of the respondents said that they had access to health care services, and of this number just 20% said that the services were free.
- 71% of respondents reported having access to education, but only 65% said that they were able to access it for free.
- The majority of those surveyed by ActionAid were not satisfied with the way their taxes were used. These are a few of their answers when asked why they had rated the use of funds as low:

"I don't see enough public service in my community"

"There are problems with sanitation in the communities"

"Schools have less infrastructure, fewer chairs and unqualified teachers"

Failure to invest carries fatal consequences for women in the Sesheke district of Zambia[123]

The Maondo community in the Sesheke district of south western Zambia is faced with a severe shortage of good quality education, water and health facilities, with literally fatal consequences for some women.

Maondo primary school buildings are dilapidated grass-thatched classroom blocks. The lack of adequate toilets and water facilities leads to some girls being unable to attend school during their periods.

Photo: William Sikapila

Children attending the Ntindi Primary School in Zambia.

There is no health clinic in the Maondo area. The government started to construct a clinic, but it remains incomplete. Some women have died during childbirth as a result. Some HIV patients reported having to walk 30km to the nearest clinic to access Antiretroviral drugs (ARVs). Some women living with HIV/AIDS said that this distance was too much for them to walk. This meant that they were not able to consistently access treatment, leading to some of them becoming frequently sick while others had fallen chronically ill and died.

WOMEN DEMANDING THEIR RIGHTS

ActionAid Ghana and ActionAid Zambia are actively involved working with women and girls in the communities where the research (on page 19) took place. ActionAid Ghana is working with the Young Urban Women's Movement in the Ga West Municipal District. Together, they have conducted an audit of public services and are using the findings in advocacy engagements with government. Over the coming months ActionAid Zambia will be organising meetings with local authorities to communicate the inadequacies in public services and press for improvements.

ACTIONAID'S FRAMEWORK FOR GENDER RESPONSIVE PUBLIC SERVICES

ActionAid's framework for Gender Responsive Public Services (GRPS) includes four core elements that are necessary to ensure that women's rights – including their rights to participate in economic decision-making – are fulfilled. Public services need to be:[124]

1. Publicly funded, with attention to the share of budgets, the size of government revenues, the gender sensitivity of budget allocations and public scrutiny to ensure funds arrive and services are delivered.

2. Publicly delivered and universal – not privatised. Services should be free as any user fee will effectively be a regressive tax.

3. Gender equitable and inclusive. This includes accessibility, both physical and social, as socially ostracised groups may find it impossible to access a service because of discrimination.

4.Focused on quality in line with a human rights framework.

Social protection is another critical element of public services that governments need to provide to address gender inequality, along with wider poverty and inequality. Social protection includes paid parental leave, old age pensions, child benefit and disability benefits. In recent years the IMF and the World Bank have played an influential role in shaping national social protection policies: around 10% of IMF loans contain conditionality linked to social protection.[125] The IMF's approach of seeking to target the 'poor', often combined with sanctions or work obligations, is deeply problematic, however. The IMF and the World Bank advise governments to carry out targeting through a proxy means text, which uses a survey of household assets to estimate incomes. However, evidence from Indonesia, Tanzania and Pakistan shows that this approach is highly inaccurate, often excluding over half of the intended beneficiaries with some schemes performing much worse.[126] The exclusion errors and the targeting itself means that poor women and men working in the formal sector but on low incomes have no access to social protection in the form of financial assistance when sick, or paid maternity leave and pension provision.

CONCLUSION

Currently IMF macroeconomic policy advice to low and middle-income countries is gender blind and further exacerbates women's economic inequality. It fails to comprehend and address the multiple barriers that women face to fully exercise their economic rights in a world where patriarchal norms and institutions (including macroeconomic models as a whole) shape their everyday lives. Women, especially those from the poorest communities, are hit the hardest by fiscal consolidation policies which involve cutting spending on vital public services and increased tax collection demands relying on VAT as a major source of revenue. To demonstrate policy coherence, the IMF's advice to countries on tax policy should calculate the gendered distribution of the tax burden and ensure that actual tax collected as a proportion of income is progressive.

While this briefing has focused on how tax systems often put women at a disadvantage, this is just one factor among many holding women back. It is closely connected to another major obstacle to women's economic empowerment: the failure of governments to provide good quality public services which enable women to realise their rights to decent work, education, health, political participation and freedom of movement. A sound tax policy will enable governments to increase the size of the revenue base that can then spent on public services that meet women's needs and support the realisation of their rights.

The IMF's advice on fiscal and monetary measures should assess the impacts these will have on women's access to public services and recognise that by recommending austerity measures women's unpaid care burden will not be reduced or redistributed, and therefore gender inequality will remain unchallenged.

Ultimately, the IMF's commitment to tackling gender inequality must be realised through a comprehensive approach encompassing all its areas of work. Its motivation to tackle gender inequality needs to move beyond the fact that it hinders growth to the fact that gender equality contributes to the fulfilment of women's rights. In contributing to the roll-out of progressive, gender-just policies, the IMF must switch its focus away from largely regressive indirect taxes, such as VAT, towards more progressive taxes that are directly linked to income and wealth, such as Personal Income Tax, Corporate Income Tax, Capital Gains Tax and Property Tax.

Keo, a single mother from Cambodia, earns money from three different jobs: selling noodles, sewing and babysitting.

Photo: Savann Oeurm/ActionAid

RECOMMENDATIONS

1. The IMF and national governments should contribute to the creation of an enabling macroeconomic environment for women's rights by adopting an evidence-based comprehensive approach to defining, identifying and addressing how its taxation and wider policy advice impacts upon different groups of women:

- IMF tax policy advice should be based on analysis of the gendered impacts of the tax system in place and the potential consequence of changes they advise governments to introduce, with particular attention to the impacts on women from poor and marginalised communities.
- Where gender disaggregated data on income, expenditure and tax payments isn't collected, the IMF should offer technical assistance to governments to collect such data and use it to conduct gendered distributional analysis of tax.
- The IMF should not infringe upon the ability of governments to exercise their sovereign right to democratically determine how they raise and spend taxes.

2. The IMF and national governments should minimise and mitigate the regressive impacts of indirect taxes, such as VAT and taxes on the informal economy. Instead, they should commit to pursuing a progressive, gender-just approach to tax that effectively redistributes wealth and contributes to the achievement of women's rights by taxing those with the most ability to pay:

- The IMF and national governments should move away from an over-reliance on regressive taxes such as VAT and seek to eliminate their most regressive impacts. VAT should be zero-rated on the goods that are vital to the dignity, health and well-being of women and poor and marginalised households and communities.
- VAT on sanitary products should be removed.
- Governments should carry out distributional analysis of informal-sector taxation and ensure that they are progressive and contribute to the fulfilment of women's rights.
- Governments must effectively collect Personal and Corporate Income taxes due from economic elites, corporations and those in higher income brackets. The IMF needs to focus more closely on supporting governments to collect progressive taxes through its technical assistance.
- The IMF should engage in international efforts to address tax avoidance and evasion.
- National governments should maximise the potential of raising taxes progressively through Capital Gains and Property taxes and boost political will and mechanisms for collecting them.
- The IMF's new Tax Policy Assessment Framework (TPAF) must include analysis of the effect of different types of tax on equality with specific analysis of each tax's impact on gender inequality.

3. The IMF and national governments should commit to ensuring that tax revenue is allocated and spent in order to meet global commitments on women's rights, including women's economic rights and ending violence against women and girls. This should be done in a way that is democratic, transparent and accountable:

- Governments and the IMF should respect and support women's right to participate in decision-making by opening up spaces for their diversity of voices to be heard as a vital mechanism to reform the macroeconomic system so it works for all women.
- Governments must commit to dramatically increasing funds to the design and delivery of gender responsive public services, including healthcare, justice systems, education and services for survivors of violence against women and girls. These need to be accessible, available, adaptable, acceptable and accountable for all women and girls, including those from the most marginalised communities.

Violet, 41, sells doughnuts and other goods at her local market in Nsanje, Malawi.

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3. Lagarde is challenging IMF staff to stand up to pressure from corporations, elites and potentially from rich countries in the IMF who currently benefit from regressive tax policies.

4. IMF Managing Director Christine Lagarde in the Richard Dimbleby Lecture, London, 3 February 2014.

5. IMF (2018) International Monetary Fund Factsheet: IMF Lending http://www.imf.org/en/About/Factsheets/IMF-Lending

6. IMF (2018) International Monetary Fund Factsheet: IMF Surveillance, http://www.imf.org/en/About/Factsheets/IMF-Surveillance

7. See for example scholarly work published in the Journal of Feminist Economics http://www.feministeconomics.org/

8. This gender-blindness extends to the IMF's role in global tax forums and is by no means limited to the IMF. A case in point was the first meeting of the Platform for Collaboration on Tax (the Platform) – a joint initiative between the IMF, World Bank Group, OECD and UN. Held in February 2018, the conference aimed to, "focus on the key directions for tax policy and administration needed to meet the SDGs." Yet disappointingly, any substantive discussions on the content of the SDGs and how their achievement necessarily requires a progressive and gender-just approach to taxation, was absent. This was a missed opportunity that the Platform should redress at future meetings. See: The Bretton Woods Project, March 2018, Tax Platform hosts tax and SDGs conference – hold the SDGs, http://www.brettonwoodsproject.org/2018/03/tax-platform-hosts-tax-sdgs-conference-hold-sdgs/ Accessed May 2018.

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A study in Kenya found that 90% of interviewees described sexual harassment as the most difficult problem facing women in the cut-flower sector. Jacobs, S. et al. (2015) Sexual harassment in an east African agribusiness supply chain, in *The Economic and Labour Relations Review*, Vol. 26, P393–410

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19. Own-account workers are those workers who, working on their own account or with one or more partners, hold the type of job defined as a self- employed job, and have not engaged on a continuous basis any employees to work for them during the reference period.

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ActionAid is an international charity that works with women and girls living in poverty. Our dedicated local staff are helping end violence against women and girls and changing lives, for good. We won't stop until women and girls are out of danger, out of poverty and on track to create the future they want.

IMF DOCUMENTS COVERED IN THE RESEARCH

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Cover photo: A female trader pictured in a market in Mozambique.
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