

WHO CARES FOR THE FUTURE:

FINANCE GENDER RESPONSIVE PUBLIC SERVICES!

REPORT SUMMARY



Cover Photograph: Nurse Margaret Kasolo, 57, at Kawala Health Center IV in Kampala, Uganda. Sexual and reproductive health facilities are overstretched and under-resourced. Esther Mbabazi/ActionAid

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This is a summary of the 92 page full report 'Who Cares for the Future: finance gender responsive public services!' which is available on ActionAid's website and you can access [HERE](#).

You can also find on our website the key country data we collated from IMF documents and a detailed methodological note for our research on progressive tax.

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A NOTE ON COVID-19

This report went into production before the COVID-19 crisis, but it is now evident that the findings and recommendations of this report are more urgent than ever.

Public health systems that have been underfunded for a generation have been overwhelmed. Much of the burden of caring for the sick and for children home from school has fallen on women – as has the increased burden of collecting water so households can wash their hands more regularly. Women also predominate in low-paid frontline jobs as nurses and care workers, facing the highest risks of exposure.

Some sections of this report have been revised to articulate clear recommendations for how governments should respond to COVID-19. In summary we call for developing country governments to

- *suspend debt payments so that they can draw immediately on revenue that is already in their treasuries to offer a comprehensive response*
- *renounce IMF advice and conditions that have led to austerity and particularly lift constraints on public sector wage bills, so that more doctors, nurses and care workers can be recruited urgently*
- *expand domestic tax bases in a progressive way, including through emergency taxes on wealth, suspending tax incentives and raising corporate taxes (especially where there are excess profits).*

The links between properly financed, gender responsive public services and women's unpaid care and domestic work are clearer than ever. In response to COVID-19 there is a growing call for a fundamental re-think about how we shape economies, moving beyond the narrow measures of GDP growth that make planetary boundaries and women's unpaid work invisible. In the future we need to build societies and economies that care for both people and the planet.

1 WHY UNPAID CARE AND DOMESTIC WORK MATTERS

Women and girls face multiple burdens of unpaid care and domestic work, passed on to them through both patriarchal gender roles and the failure of modern states to deliver gender responsive public services. There is a growing chasm in development practice between the rhetorical commitment to gender equality and the reality of a neoliberal economic system that is dependent on women's disproportionate care and domestic work burden. When governments cut or fail to adequately finance public services, it is women who are left to take on a larger proportion of time-consuming responsibilities such as caring for their families, young children, the sick and the elderly or walking ever further to collect water and fuel.

Unfortunately, struggles to claim the basic services that could make a difference to unpaid care and domestic work are often fragmented. Different sectors clamour for a greater share of national budgets, rather than working together to address the strategic financing issues that would deliver system change for all public services. This can change through action in three areas. Firstly, through action to resist the ideology of austerity and contractionary neoliberal economics (as advocated by the IMF and World Bank), so that investment in the public sector and its workers can be scaled up. Secondly, through action to address the new debt crisis that is squeezing public budgets. And thirdly, through action to build more progressive and gender responsive tax systems. This combination of actions would enable a sea change of investment in gender responsive public services, reducing women's unpaid care and domestic work and increasing the opportunities for women to find decent work in the public sector.

Shockingly, **mainstream economists pay little attention** to unpaid care and domestic work – in the same way that they largely ignore planetary boundaries. Unpaid care is still not factored into calculations of GDP despite the fact that the male economists (Meade and Stone) who came up with this measure in 1941 were almost immediately contested by a female economist in their team, Phyllis Deane, based on her analysis of the realities of women's unpaid care work in Africa.¹

Feminist economists argue that **care, rather than capital, should be at the centre of our concerns.**² Care for both people and the planet is key to the sustainability of life, to what most people truly value. But dominant economic theory looks narrowly at capital and markets, focusing on paid work, ignoring environmental limits and the intrinsic value of care. This makes women and their contribution largely invisible in the economy and ignores much of the foundation of human survival. This will become more acute in the coming years given the climate crisis and increasing care dependency

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A Women's Emergency:

Why women and girls will be hardest hit by the COVID-19 crisis

- 2/3 of health sector jobs globally are held by women.
- School closures mean women are caring for children at home.
- The majority of women's work is in the informal economy, without sick leave and unemployment benefits.
- Girls are responsible for collecting water. But without access to free, clean water they are more at risk.
- Most domestic workers are undocumented, migrant women.

ratios (whether from large child and youth populations in Africa or ageing populations in Asia, Europe and the Americas). We urgently need to re-think economic systems to fully integrate the concept, meaning and importance of care work – and to recognise planetary boundaries – reshaping our social and public policy frameworks accordingly.

The ILO **defines unpaid care** work as “non-remunerated work carried out to sustain the well-being, health and maintenance of other individuals in a household or the community”.³ The first ever UN

General Assembly report on unpaid

care by Magdalena Sepulveda in 2013⁴ used a definition of unpaid care work that includes: “domestic work (meal preparation, cleaning, washing clothes, water and fuel collection) and direct care of persons (including children, older persons and persons with disabilities, as well as able-bodied adults) carried out in homes and communities”. In this report we use the phrase ‘unpaid care and domestic work’– the language now used by the United Nations.

Women perform over three quarters of the unpaid care and domestic work that is done worldwide.⁵

This constrains the time that women have to secure decent work, claim their rights or pursue their interests. On average women spend four hours and 25 minutes daily doing unpaid care work, in comparison to men’s average of just one hour and 23 minutes. This is changing very slowly, indeed by less than a minute per year in the past 15 years.⁶ In 2019 the ILO estimated that, on present trends, it will take 209 years to close the gender gap in time spent on unpaid care work, and in 2016 ActionAid calculated that over their lifetimes, women spend four additional years working as versus men.⁷ Looking at this another way, 16.4 billion hours per day are spent in unpaid care work – the equivalent to 2 billion people working eight hours per day with no remuneration. Were such services to be valued on the basis of an hourly minimum wage, they would amount to at least 9% of global GDP or US\$11 trillion.⁸

In 2008 the feminist economist Diane Elson suggested ‘**the 3 Rs’ framework**— recognise, reduce and redistribute — as a key means to address women’s unfair share of unpaid care work.⁹ The third R – **redistribute** – is a particular focus of this report. It can be achieved in part by shifting responsibilities from women to men but is more universally achievable through redistributing responsibilities from households to the state, through the provision of public services.

This report explores the connections between gender responsive public services and unpaid care and domestic work. It offers practical solutions to achieve a sea change in the financing of public services through action on debt, austerity and tax. Fully financed and gender responsive public services are key to redistributing unpaid care and domestic work – as well as to generating decent work opportunities for women.



Unpaid care and domestic work is never-ending. Susan Dakurah, 28, takes a break from doing the laundry to nurse her twin babies, Gabriel and Gabriella Dakurah, as her 4 year old daughter, Blessing Dakurah, looks on. Ghana. Photograph: Deborah Lomotey/ActionAid

2 HOW GENDER-RESPONSIVE PUBLIC SERVICES REDUCE UNPAID CARE AND DOMESTIC WORK

There are clear obligations on all governments, agreed in international law,¹⁰ to respect, protect and fulfil the human rights to education, health and water. The provision of quality public services is key to delivering on these obligations and doing so can also make a huge impact on the burdens of unpaid care and domestic work borne by women, enabling women to access paid work (including in the public services themselves) and participate fully in their communities and wider society. The failure to provide early childcare and universal free public education means women spend hours caring for children. Inadequate access to health services means women are expected to care for the sick, elderly and incapacitated at home. The absence of clean water near to home means women spend hours collecting water.

When financing for public services is constrained or cut, the state's capacity to deliver on human rights obligations is severely undermined and the responsibility to cover the gaps almost invariably falls on women, reinforcing gender hierarchies and inequalities. Often it is the women, who have least resources who bear the largest burdens – those living in poverty, in rural or marginal urban areas, or those facing discrimination based on race, class, caste, ability, sexual orientation, gender identity, age, migrant status etc. Historic failures to invest in those public services associated with caring roles (such as child-care, early-year teachers, nurses), or cuts in those services, also affect women disproportionately as these are often a key source of decent work.

2.1 EDUCATION AND EARLY CHILD-CARE [See section 2.2 in Full Report]

In most surveys of unpaid care and domestic work, the care of children comes up as one of the most time-consuming responsibilities, particularly for young women. The gendered division of labour forces many women to never enter paid work, to leave paid work to care for children or to choose work that allows them to accommodate care responsibilities. This often leads women to low-paid, low-skilled, non-unionised work – far from the ILO's definition of decent work.¹¹ Public provision of early childcare and education can be transformative for women's lives, enabling them to pursue better paid employment, their own education or their own interests. Whilst early childhood education (for four or five year olds) is now rising up the international agenda, much less emphasis is placed on early childcare (for zero to three year olds). Ensuring girls stay on throughout primary school has been a priority for many years and although major challenges remain with universalising enrolment and quality, the policy focus is shifting in many countries to secondary schooling. When girls complete secondary education, the effects can be transformative,



LEGISLATION AND MOBILISATION ON EARLY CHILDCARE IN BRAZIL

In Brazil, early childhood education – including daycare and pre-school – is a right guaranteed by the Federal Constitution of 1988 and must be offered to children from zero to five years old and their families. However, in 2018, only one-third of Brazilian children aged between zero and three years were in daycare centers: and 6.7 million were still not covered by the system.²² On a positive note, in the favela of Heliópolis in Sao Paulo, nearly 99% of families needing a daycare place secured one.²³ This reality is, to a large extent, the result of a strong history of community struggle aiming to guarantee people's right to education. It seems that a combination of national legislation and local mobilisation is needed to deliver the right to early childcare! But challenges continue and the next focus of mobilisation is to defend the childcare centres against austerity cuts under the new government and to ensure greater proximity of the centres to homes, longer hours of service and safer transit routes.

breaking the cross-generational cycle of care burdens, for example by reducing early pregnancy and early marriage.¹² Where schools have closed for extended periods, for example owing to the Coronavirus, the burden of care falling on women increases dramatically.¹³

Sadly, **present provision is falling short** across the board:

- The worldwide average for access to very early childcare (from zero to three years old) stands at just 18%¹⁴, mostly provided by unregulated private actors, with very few countries having universalised provision in this area.
- 150 million children aged between three and five years old have no access to pre-primary education – half of the world's children in this age bracket. In low income countries just one in five children are enrolled.¹⁵
- 64 million primary-aged children are not presently enrolled in primary school.¹⁶
- A further 60 million children of junior secondary age are not in school.¹⁷
- A further 137 million children in the upper secondary school age group are not in school.



Community Child Care Center established in 2015, Bardiya, Nepal.
Photographer Bikash Acharya/ActionAid

Privatisation is presenting new challenges, especially for the most disadvantaged women and girls. Primary and secondary schools in most countries are still predominantly in the public sector though there are higher rates of private provision in developing countries than developed ones¹⁸ and there are aggressive efforts at extending privatisation and public-private partnerships. Privatisation of education has been more accelerated at the tertiary level and early childhood education remains principally in the private sector. This has created a situation where only those who can afford to pay for early childcare and education receive it, even though the benefits would accrue most dramatically to disadvantaged children,¹⁹ as well as their primary carers.

There are well **established international benchmarks for spending** on education. Governments have pledged to devote 20% of public expenditure to education²⁰ but presently low-income countries spend on average 14.8% and some of the countries with the biggest education challenges, such as Nigeria and Pakistan, spend less than 10% of their national budgets. There are particular challenges in scaling up financing for early childcare and education, which suffers serious under-investment from governments and donors. Countries would need to spend about 2% of their GDP in order to provide universal early childhood care and education but at present, on average, less than 0.1% of GDP is spent on this.²¹

2.2 HEALTH AND SEXUAL AND REPRODUCTIVE HEALTH AND RIGHTS

[See section 2.3 in Full Report]

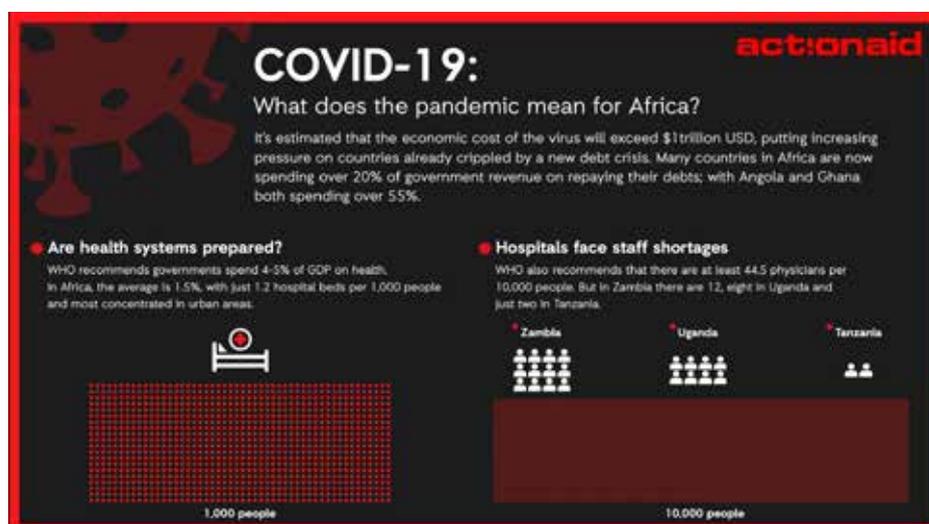
Care for sick and elderly family members is widely indicated as a major part of the unpaid care and domestic work borne by women. The *Lancet* estimates that women's contribution to healthcare is equivalent to nearly 5% of global GDP – or \$3 trillion to global health – but nearly half is unpaid and unrecognized.²⁴ Health-related unpaid care work will vary depending on households and location, ranging from the unpredictable care of children suffering easily preventable and recurrent childhood illnesses to the long-term care of sick or dependent elderly relatives or those with disabilities. The overall burden of care on women is significantly reduced when there is a strong public health system with more doctors and nurses, good quality appropriate facilities, good sexual and reproductive health services, effective immunisation programmes, affordable medicines, more accessible local health centres and more hospital beds. Health sector jobs are also crucial for offering women paid work – as two-thirds of jobs in the health sector worldwide are held by women – though too often women are concentrated in frontline low-paid roles with poor conditions.²⁵



Orji is an unpaid nurse and midwife in a local hospital with no water source, no electricity and no government funding. Nigeria. Photograph: Tom Saater/Actionaid

Despite an ambitious SDG on health²⁶ promoting universal health coverage, there are chronic **shortcomings in present health provision**, exposed dramatically by the Coronavirus, creating a situation in which women's unpaid care burden is perpetuated.

- Every year 200 million women have an unmet need for modern contraception and 25 million abortions are unsafe.²⁷
- In Sub-Saharan Africa 56% of all deaths were related to communicable, maternal, perinatal or nutritional conditions.²⁸
- In 2018 worldwide 22% of children were stunted for their age owing to malnutrition – meaning 149 million children (one in three children in Sub-Saharan Africa).²⁹
- The number of doctors per 100,000 people varies enormously across countries – from the upper end of 591 in Cuba and 337 in Germany to the lower end of 12 in Zambia, eight in Uganda and just two in Tanzania.³⁰



The growing consensus on the need for universal health coverage is in increasing contradiction with **growing threats from privatisation**. UN Women observes that “privatizing health care without guarantees of access for everyone has reduced services for women and pushed onto them additional care responsibilities for sick family members. This leaves them less time to care for themselves, and to pursue opportunities in school or work to improve their lives.”³¹

NIGERIA: UNHEALTHY CONDITIONS IN HEALTHCARE CENTRES

In 2019 ActionAid Nigeria conducted qualitative research in the North, Central and Southern regions of Nigeria. We found healthcare centres suffering a severe lack of care and maintenance with collapsed structures and without basic medical equipment like weighing machines and thermometers. We documented women in labour waiting in line for delivery and sometimes giving birth on bare floors. In Lelyi Gwari, where there were available beds owing to a donor-funded health care project, there was no tap water. The only source of water was a pond located some distance away from the health centre. The family members of patients had to fetch buckets from this pond for use by healthcare workers. Tools were used without sterilization and one bucket of water was used to deliver two births.³²

Statistics on the **financing of health** show substantial variations:

- On average rich countries spend about \$2,000 per person on health, but the poorest countries spend less than \$30 per person.³³ The WHO is unequivocal in saying that the levels of public spending are central to progress on universal health coverage.³⁴
- Whilst rich countries are spending an increasing share of their national budgets on health (now rising to 14.9%), **low-income countries are actually reducing their spending on health – falling from 7.9% in 2000 to 6.8% in 2017.**³⁵

There is clearly a desperate need for major new investments in health in low-income countries, in the absence of which the cost of health care, including long term elder-care, falls on households with often catastrophic effects for those without the ability to pay. Scaled-up investment in health also has the potential to create millions of decent jobs, particularly for women.

2.3 WATER AND SANITATION [See Section 2.4 in Full Report]

For tens of millions of women and girls, collecting water is a time-consuming and grueling daily ritual. In rural areas water may have to be collected for both household use and agricultural work and can take hours every day, with multiple trips carrying back-breaking quantities of water. In urban areas there are different challenges, often with long queues at communal handpumps or water delivery trucks – and rising prices. Inadequate drainage and sewerage, particularly in urban areas, can be a major cause of ill-health that exacerbates women's care roles in other ways. Collecting water is work that falls to women in eight out of ten households which lack piped supply worldwide. Oxfam found that in the Philippines, Zimbabwe and Uganda women with access to improved water spent between 1 and 4 fewer hours overall care activities daily.³⁶

SDG6 commits countries 'to ensure availability and sustainable management of water and sanitation for all by 2030' with eight distinct goals ranging from access to water, to improved water quality, and better sanitation and hygiene. In practice, there are many gaps in present WASH provision:

- Over 30% of people lack access to safely managed drinking water.³⁷
- Over 60% of people worldwide do not have access to safely managed sanitation facilities.³⁸

There are of course huge inequalities both between and within countries, with half of the people drinking water from unprotected sources living in sub-Saharan Africa and 80% of them living in rural areas. Projections suggest that with the climate crisis the number of people facing acute water scarcity and water stress will rise in the coming years.³⁹

Over the last thirty years many governments have opted to privatise water supply, which has tended to limit the expansion of provision, particularly in rural areas where companies struggle to make a profit (as the costs to establish systems are too high and people are too poor to pay). However, there is a strong movement to resist the **privatisation of water** with many successful efforts at bringing water back under public control – usually framed as 're-municipalisation'. **Over the past 15 years there have been at least 267 cases of water re-municipalisation in 37 countries, affecting more than 100 million people.**⁴⁰

In terms of financing water and sanitation depend more on capital investment than recurrent costs, but there are some startling statistics:

- Average government spending on water is \$19 per person, which represents less than one-third of overall spending on water, meaning households bear the brunt of the costs.⁴¹
- There are large variations in WASH expenditure per capita – ranging from \$152 in South Africa to \$52 in Ghana, \$12 in Kenya and just \$5 per person in Bangladesh and Pakistan.⁴²
- Spending by governments on WASH as a percentage of GDP ranges from 3.7% in Ghana to 2.6% in South Africa, 1.3% in Brazil and down to 0.9% in Kenya and 0.4% in Bangladesh.
- The WHO estimate that people need 50 litres of water per day for health, hygiene and domestic uses. This will cost UK consumers getting piped water just \$0.09 – but will cost a resident of Accra, Ghana \$0.54 from a water tanker, or \$2.22 in Papua New Guinea.⁴³
- 80% of countries report they lack the public financing needed to hit the SDG WASH targets.⁴⁴

There is clearly a need for a sea change in the financing of water if SDG targets are to be met.

2.4 TOWARDS A COMMON FRAMEWORK ON GENDER RESPONSIVE PUBLIC SERVICES [See Section 2.5 in Full Report]

This report cannot address all the public services that can have a dramatic impact on women's unpaid care and domestic work. Energy, agriculture and public transport are also worthy of attention (and are touched on briefly in the main report) – as are investments in social protection. However, we can already see trends and significant common threads across public services:

- Where public services are inadequate or not gender responsive, the unpaid care and domestic work of women increases.
- Ambitious goals have been set, most recently in the SDGs, to universalise access to services in an equitable way, but these are far from being met owing to chronic underfunding.
- There is a rising tide of privatisation⁴⁵ which threatens to exacerbate women's limited access to services (when fees are changed women and girls are often the first to be excluded).
- Different public services are often played off against each other - as if the only way to get more money for one service is to take it from another.

Public Services International (the global union federation representing over 30 million public sector workers) has powerfully argued the case for advancing women's rights through well-funded Gender Responsive Public Services.⁴⁶ ActionAid echoes this in elaborating an approach to Gender Responsive Public Services⁴⁷ with four core pillars. Services should be:

1 Publicly funded (addressing 4Ss)

- With a fair **Share** of budgets to key services
- With good **Size** of overall budget (a progressive tax base / macroeconomic policies)
- With **Sensitivity** of budget allocations (driven by a focus on equity)
- With effective **Scrutiny** of spending (so funds arrive and are well spent)

2 Publicly delivered and universal

- Truly accountable
- Decentralised – but with a strong redistributive centre
- Not privatised or commercialised

3 Gender equitable and inclusive

- Free from discrimination and sexism
- Safe for all users
- Developed and monitored through inclusive participatory processes

4 Quality in line with human rights frameworks (addressing 4 As)

- Accessible, Available, Adaptable, Acceptable

This report focuses on critical issues that affect the financing of **all** gender responsive public services. It shows that actions to address debt, austerity and tax justice will be fundamental to releasing resources for the dramatic scaling up of investments in gender responsive public services. This is the key to a transformative redistribution of women's burden of unpaid care and domestic work.

3 THE IMPACT OF THE NEW DEBT CRISIS ON PUBLIC SPENDING

How can a government increase spending on gender responsive public services when a significant percentage of its spending disappears to pay back past debts? This is the reality faced by a growing number of countries as we confront a new debt crisis around the world. [See Chapter 3 in Full Report]

Debt is a crucial tool for governments, with developing ones no exception. Governments need to borrow if they are to provide for development and developing ones in particular need to borrow to invest in improving public services. But in the case of debt it is very true that too much of a good thing can be very dangerous, for it is the debt crises of the 1980s and 1990s that forced countries to accept IMF austerity programs that undermined development throughout Africa, Asia-Pacific, and Latin America and the Caribbean, with many countries yet to recover. Now there is increasing worry, including from the IMF, and more emphatically from UNCTAD, that a new debt crisis in developing countries is imminent.⁴⁸

“**Debt crisis**” is a familiar phrase in developing countries. From the late 1970s, debt burdens plunged countries throughout Latin America, Asia, and Africa into decades of financial recession and social regression. By the late 1990s countries were paying so much — about 16% of their revenue in 1998 — on external debt payments, that debt was identified a primary bottleneck for finding adequate funds for public services; and the IMF conditions compounded that concern. The civil society campaign known as Jubilee 2000 formed in the mid-1990s and won victories in getting the IMF and World Bank to institute debt relief programs. First came the Heavily Indebted Poor Countries (HIPC) Initiative in the late 1990s and later the Multilateral Debt Relief Initiative (MDRI) in 2005. By 2006, many countries had significantly reduced debt burdens, and with rising commodity prices, average payments reached a low of 5.4% of government revenues in 2011⁴⁹.

However, the amount of revenue governments spend on paying debt has risen sharply in recent years. In 2019 the UK campaigning and policy group Jubilee Debt Campaign (JDC) found external debt payments by developing countries had grown 85% between 2010 and 2018, from 6.6% of government revenue to 12.2%.⁵⁰ But this is uneven, and **21 countries are now spending over 20% of their government revenue on debt service; with Angola and Ghana both spending over 55%**. The latest Global Sovereign Debt Monitor has determined that fully 122 of 154 countries analysed should be considered “critically indebted.”⁵¹



CAUSES OF THE NEW DEBT CRISIS

There is no single reason debt has risen again so quickly but some of the forces are similar to those in the past: the legacy of colonialism, the terms of trade under WTO rules, plummeting commodity prices, the challenges in raising more tax revenue, the conditions and advice of the IMF, the proliferation of public-private partnerships (PPPs) that increase governments' risks, falling official aid and increasing natural disasters due to the climate emergency. However, some factors are new: historically low interest rates in developed countries made it more attractive to lend to developing countries at higher rates, meaning both that lenders actively pushed loans on governments and governments found purchasers for bond issues ("Eurobonds"). Today much of the debt which developing countries owe is to China or private investors, making resolution of the new crisis more complex.

This new debt crisis is impacting on public spending in developing countries [See Table 3 in Full Report], thereby impacting women's unpaid care and domestic work. Together with Jubilee Debt we examined 60 low and middle income countries looking at countries who exceeded the mid-point of what the IMF would call a 'moderate' debt risk⁵² – which we calculate as countries who spend more than 13% of their revenue on debt servicing. **In the 30 countries (half the total) with the highest debt payments (over 13% of government revenue) – real public spending per person (taking account of inflation) fell by 6% between 2015 and 2018. In the 30 countries with debt payments under 13% of government revenue, public spending per person grew by 14%.⁵³** This makes it very clear that higher spending on debt means lower spending on public services – and this in turn means a continuing, even deepening exploitation of women's unpaid care and domestic work to fill the gaps.

To explore this further we looked at the amount countries are projected to spend on debt servicing in 2019 as a percentage of the amount they are projected to spend on health and education. We found that **several countries (Congo-Brazzaville, The Gambia, Ghana, Kenya, Zambia and Sierra Leone) are spending more on debt servicing than they are on health and education combined** and many other countries spend the equivalent of over half of their total budget for health and education just on repaying their debts. Clearly this is unsustainable.

Finally, we estimated how much extra cash countries would have had on hand to add to their overall budgets for public services (including health, education, water and others) in 2019 if their debt servicing was reduced to the acceptable threshold of 12% of government revenues [See Table 4 in Full Report] (in countries spending more than that in 2019). We found that, for example, **Bangladesh and Ghana would each have had over \$5 billion to invest in public services every year and Kenya would have had over \$4 billion a year in extra revenue.** These sums would be transformative if invested in public services.

Clearly something must be done to confront the new debt crisis but there seems to be little or no appetite in the "international community", including the IMF, for a new round of debt relief. It took over twenty years between widespread recognition of the last debt crisis and meaningful action for developing countries. We cannot afford two more 'lost decades' for development.

Debt is Strangling Public Spending

Country	2019 Total Debt Servicing	2019 Domestic Debt Interest	2019 External Debt Service	Health Spending 2019	% of External Debt Servicing vs Health
Congo	\$1.56bn	\$192m	\$1.37bn	\$256m	527%
Kenya	\$6.68bn	\$2.67bn	\$4.01bn	\$1.11bn	361%
The Gambia	\$199m	\$53m	\$146m	\$45m	328%
Ghana	\$6.48bn	\$2.38bn	\$4.10bn	\$1.28bn	319%
Senegal	\$891m	\$190m	\$701m	\$358m	196%
Zambia	\$2.27bn	\$819m	\$1.45bn	\$771m	188%
Cote d'Ivoire	\$1.54bn	\$354m	\$1.19bn	\$653m	182%
Bangladesh	\$9.31bn	\$4.43bn	\$4.88bn	\$2.77bn	176%
Tanzania	\$1.85bn	\$742m	\$1.11bn	\$758m	146%
Mozambique	\$1.06bn	\$405m	\$655m	\$463m	141%
Benin	\$348m	\$189m	\$159m	\$114m	139%
Niger	\$386m	\$96m	\$289m	\$233m	124%
Central African Republic	\$51m	\$4m	\$46m	\$46m	102%
Ethiopia	\$1.58bn	\$208m	\$1.37bn	\$1.39bn	99%
Rwanda	\$349m	\$97m	\$252m	\$255m	99%
Haiti	\$213m	\$52m	\$161m	\$189m	86%
Mali	\$312m	\$129m	\$183m	\$215m	85%
Madagascar	\$198m	\$54m	\$144m	\$171m	84%
Sierra Leone	\$287m	\$199m	\$88m	\$109m	81%
Malawi	\$407m	\$285m	\$122m	\$162m	76%
Togo	\$210m	\$126m	\$85m	\$111m	76%
Liberia	\$85m	\$32m	\$53m	\$82m	65%
Uganda	\$586m	\$210m	\$376m	\$626m	60%
Burkina Faso	\$392m	\$172m	\$220m	\$424m	52%
Lesotho	\$109m	\$34m	\$75m	\$184m	41%
Afghanistan	\$94m	-	\$94m	\$240m	39%
Nepal	\$377m	\$149m	\$228m	\$596m	38%

Sources: JDC and ActionAid, using IMF/WB data.

WHAT THIS REVENUE COULD MEAN FOR GENDER RESPONSIVE PUBLIC SERVICES

In **Bangladesh**, at present, debt servicing runs at 29% of government revenues – amounting to 86% of the health and education budgets, combined. If re-negotiated to not exceed 12% this would yield an additional \$5.5 billion to spend on public services. This could pay the average salaries of more than 60,000 junior doctors or 115,000 nurses (on an average wage).⁵⁴

Ghana has one of the highest debt servicing costs in the world, at 59% of GDP. If that debt servicing figure was reduced to 12%, Ghana could pay the salaries of 200,000 fully trained midwives annually.

Kenya has very high debt servicing costs, at 36% of GDP in 2019, so that as much money goes to paying debt as the total spending on education and health combined. If that figure was reduced to 12%, Kenya would have an extra \$4.4 billion available for spending on public services. Just one quarter of this could pay for 96,345 urgently-needed primary and secondary school teachers.^{55 56}

WAYS FORWARD ON DEBT

There are windows of hope on debt. The acknowledgment of ‘climate debt’, caused by the increasing incidence of natural disasters, has opened up discussion of a new automatic financing mechanism, including debt relief, to be part of the Warsaw International Mechanism on Loss and Damage, within the UN Framework Convention on Climate Change.⁵⁷ There is growing momentum around processes to reform debt contracting processes so as to prevent future crises (for example drawing on Eurodad’s *Responsible Finance Charter*⁵⁸). The demand for action could tilt quickly if heavily indebted countries made credible threats of repudiation or default – which is the only bargaining chip that many countries have. More realistic may be **processes to re-schedule debts**. Eurodad has done exciting work to lay out what a “debt workout mechanism” may look like. One way or another it is as clear today as it was in the last debt crisis that the time has come for action to both revolve the new debt crisis and prevent similar crises in the future.

4 THE IMPACT OF THE IMF ON PUBLIC SPENDING

The International Monetary Fund (IMF) has long been one of the most **powerful forces in determining the shape of economic policies** followed by developing countries (and many emerging and developed countries). These policies profoundly impact on the resources available for investment in gender responsive public services.

A multilateral institution founded in 1944, the IMF originally had a narrow mandate of monitoring currency valuation in member countries. It assumed a prominent role in shaping countries' broader economic policies from the late 1970s, when it began providing deeply indebted countries with what came to be known as "bailouts." Bailout loans were used by governments to pay off creditors and were accompanied by stringent conditions that became known as austerity programs, or in the IMF's erstwhile lexicon, structural adjustment programs (SAPs). Failure to adhere to IMF conditions could, and still can, result in suspension or cancellation of loans and damage to the country's reputation with investors and other creditors. Those conditions have proved to carry a range of deleterious side effects for countries, most notably for our purposes, greatly constraining the ability of developing country governments to pay for quality gender-responsive public services.

Although the IMF stopped using the term "structural adjustment" around the turn of the millennium, **neither the power dynamic between the institution and governments nor the economic policies themselves have changed greatly.**⁵⁹ This is unsurprising as the IMF is governed by an Executive Board on which the richest countries hold most of the power, and the U.S., as the largest "shareholder," holds veto power over all major IMF decisions.⁶⁰

To understand how much IMF advice or loan conditions have changed (or not) we examined 56 countries (all low income and a cross section of middle income countries⁶¹), analysing what the IMF had to say regarding wage bill targets, deficit targets, inflation targets, gender issues, social spending, and labour issues. Loan documents were analysed for countries with current programs or ones which ended no earlier than 2017. It is clear that what a country is judged on — by the IMF and other creditors and investors — is not limited to "official" conditions such as structural benchmarks or performance criteria⁶². As such **we took an intentionally broad approach to IMF conditionality treating all IMF advice, including formal loan conditions, equally.**

In short, we found that, just as in the 1980s and 1990s⁶³, **the IMF continues to insist that governments overcome or avoid debt crises by adopting policies that constrict their economies**, through sharp limits on public spending, limiting fiscal deficits and holding inflation down, usually to about 5%. The IMF's policy orthodoxy is often referred to as "neo-liberalism," favoring ostensibly "free" markets and trade, which end up being most free for those that start out with the most resources, and a prison for the rest.

The era of structural adjustment led to government expenditure in developing countries dropping from 19% of GDP in 1981 to 16% in 1998; there seemed (and still seems) to be a presumption that this sort of drop would be recouped by private investment lured by economic stabilization and incentives such as low corporate tax rates and public-private partnerships.⁶⁴ That hasn't been the case, and even if it had happened, we have already noted the reasons to prefer universal public services to for-profit schemes.

Our fundamental concern is that a uniquely powerful institution, the IMF, is mandated by the international financial system to set guidelines for developing country economic policy working from the imperative to maintain certain indicators in a conventional band it judges "sound" for neoliberal

KEY FINDINGS FROM OUR REVIEW OF IMF DOCUMENTS

In our review of IMF country documents, we found that the IMF recommended reducing deficits in 70% of the 27 low-income countries (LICs) with adequate data, reducing inflation rates in 75% of those LICs whose currency is not linked to the euro, and reducing wage bills in 30% of LICs with adequate data, while calling for an effective freezing in an additional 48%. Over three-quarters of LICs thus are warned against upgrading public services (even to match population growth) with additional staffing.

capitalist systems. We maintain that governments have a broader obligation: to avoid financial and economic crises, yes, but to make their first priority the overall welfare of their citizens and environment. In other words, we argue for turning away from neo-liberal orthodoxy in favor of a rights-based perspective: building economies that care for both people and planet.

What is needed in developing countries is meaningful investment in high-quality, universal, and accessible gender-responsive public services. Public sector workers, the key providers of public services, should be adequate in number, well-trained and fairly compensated. Spending on quality public services, including the people who make them possible, is an investment rather than an expense. Those who end up most exploited when public services are under-resourced are women, who both lose decent work opportunities and whose burden of unpaid care and domestic work ends up propping up an unjust economy and undermining national economic development.

4.1 INFLATION [See Section 4.5.1 in Full Report]

On inflation we analysed the latest literature that increasingly contests the IMF's obsession with holding inflation below 5%. Whilst no-one advocates for hyper-inflation there is extensive evidence that very low inflation policies suppress economic growth, undermining efforts to increase public investment on the scale needed to achieve the SDGs. Many economists argue that an optimal inflation rate for developing countries may be between 10% and 20% and that rates like this would not bring negative impacts⁶⁵.

We then compiled a table that gives the latest inflation rate data (IMF, October 2019) for 55 countries showing the direction of IMF advice (to push it down, hold steady, or in rare cases, push it up). Just four of the 55 countries (Sudan, South Sudan, Zimbabwe and Argentina) with adequate data are in a clear danger zone with their inflation rates – but these also face wider social crises. All the other countries might be considered to have moderate or low inflation (with 36 countries having rates below 10%). **Despite the fact that most countries are thus in what is considered a safe zone on inflation, the IMF is recommending to either freeze inflation at present rates (in 17 countries – 31%) or drive inflation even lower (in 26 countries – 47%, including a majority of the low-income countries).**

[See Table 5 in Full Report]

This squeezes the space for public investment on the scale that is needed to achieve the SDGs as countries fear that spending significantly more on public services might increase inflation (and though there may be a modest risk of that, this risk tends to be overstated).

4.2 DEFICITS [See Section 4.5.2 in Full Report]

Deficits are intimately connected to debt, especially external (foreign) debt. High debt levels are usually what force countries to seek IMF assistance, so deficit levels are watched closely, both in relation to debt trends and to ensure that there will be sufficient capital to pay off debt as scheduled. The IMF puts heavy pressure on countries to reduce deficits especially in seriously indebted countries. But in taking a short-term approach — pay off the debts, lower the deficits — governments, guided by the IMF, risk foreclosing the longer-term future. Spending on basic services such as education, health, and water and sanitation, may cause rising deficits now, but without those services, the chances of a country growing and developing in the medium or long term are severely compromised.

We analysed the latest IMF policy advice and found a continued downward trajectory: **[See Table 6 in Full Report] the IMF expects fully 70% of the 27 LICs with adequate data to reduce their deficit and another 26% to maintain it at current levels, despite the need for greatly increased spending on quality public services** in virtually all of them. Only one LIC, Afghanistan, is advised to let its deficit, already nearly zero, rise. Some LICs - Chad, The Gambia, Togo, Malawi, Benin, and Centrafrique — were even forecast to be running surpluses by 2020 which seems particularly problematic given these countries are so far off track from achieving the SDGs. Nine of the middle-income countries (MICs) we reviewed have also been urged to achieve surpluses.

4.3 PUBLIC SECTOR WAGE BILL CONTAINMENT [See Section 4.5.3 in Full Report]

Nowhere is the IMF's choice between public goods and economic orthodoxy clearer than in its strictures on public sector wage bills. **The IMF's position on wage bills has serious consequences for the capacity of countries to invest more on public services, deliver on basic rights and achieve the SDGs.** The largest groups of people on the public sector wage bill are education and health workers— teachers, doctors and nurses —and any expansion of public services, for example to achieve universal basic education, extend early child-care or elder-care will require many more people on the government payroll. In many countries there is also an urgent need to improve the salaries and conditions of existing public sector workers.

After **ActionAid and others campaigned against wage bill caps in 2006-07,**⁶⁶ the IMF scaled them back, announcing that it “welcomed the declining incidence of such ceilings in Fund-supported programs,” and hoped to dispense with them entirely.⁶⁷ But while the wage caps became less common, the IMF's advice on limiting deficit spending and inflation rates had much the same impact on public spending. Now the IMF has since backtracked more explicitly on its 2007 pledge – but today it tends to use the term “containment” instead of “caps.”

Limiting, freezing, or cutting the public sector wage bill has two direct impacts: reducing the capacity of the government to offer public services, and raising unemployment rates. Both have disproportional impacts on women, who generally fill in for absent services and who make up a substantial percentage of those workers subject to layoffs, outsourcing or reduction of benefits.

In our new review of IMF country documents, **we found that of 23 LICs with sufficient information to identify trends, only five of them (22%) were expected to see any increase in wage bills, seven (30%) were expected to see wage bill cuts, with eleven (48%) effectively frozen. For countries in clear need of expanded public services, the news that nearly 80% will not be seeing any increases in public sector workers is deeply disturbing.**

The IMF pressuring to contain wage bills should be recognised for what it is: a direct contradiction of the aspiration to achieve the SDGs and deliver on rights. Freezing or cutting public sector wage bills should be wholly unacceptable for countries with desperate shortages of teachers, doctors, nurses and other frontline public service workers.

PUBLIC SECTOR WAGE BILLS AND THE DIRECTION OF IMF ADVICE

COUNTRY	WAGE BILL 2019 / IMF STEER (↑↓↔) / CHANGE FORECAST (PCT PTS)
LICs	
South Sudan	2.6 ↑ (+4.8)
Nepal	3.1 ↓ (-1.0)
Somalia	3.2 ↑ (+0.3)
Guinea-Conakry	3.6 ↔
Uganda	3.9 ↔
Guinea-Bissau	4.7 ↑ (+0.7)
Centrafrique	4.7 ↔
The Gambia	4.8 ↓ (-0.3)
Niger	5.1 ↑ (+0.5)
Tanzania	5.1 ↔
Comoros	5.5 ↑ (+0.8)
Madagascar	5.7 ↔
Mali	5.8 ↔
Rwanda	5.8 ↔
Sierra Leone	6.2 ↓ (-0.9)
Benin	6.3 ↔
Chad	6.7 ↓ (-1.3)
Togo	6.7 ↔
Malawi	7.4 ↔
Burkina Faso	9.9 ↓ (-1.5)
Liberia	10 ↓ (-1.7)
Mozambique	11.6 ↓ (-1.5)
Afghanistan	13.1 ↔

COUNTRY	WAGE BILL 2019 / IMF STEER (↑↓↔) / CHANGE FORECAST (PCT PTS)
LMICs	
India	1.1 ↔
Sudan	3.5 ↔
Myanmar	3.9 ↔
Guatemala	4 ↔
Kenya	4.5 ↔
Philippines	5 ↔
Indonesia	5.5 ↔
Ghana	6.6 ↔
Cambodia	7.5 ↑ (+0.4)
Zambia	8.4 ↓ (-0.4)
Bolivia	11.7 ↓ (-0.4)

UMICs	
Argentina	3.4 ↓ (-0.5)
Colombia	5 ↔
Jordan	5.1 ↔
Mauritius	6.2 ↔
Thailand	6.3 ↔
Jamaica	9.1 ↓ (-0.3)
Ecuador	9.4 ↓ (-0.5)
South Africa	11.6 ↔
Brazil	13 ↓ *

Source: Review of IMF country documents. All wage bill figures in % of GDP; change in percentage point shift anticipated from the 2019 data.

*No projection of the reduction is given for Brazil, but a 5-year hiring freeze is recommended.

NOTE: Our **FULL REPORT** outlines some additional areas where the IMF is offering advice in non-mandated areas such as the targeting of social programmes, addressing gender inequality and advising on the labour market.

4.4 WAYS FORWARD ON RELATING TO THE IMF [See Section 4.6 in Full Report]

National governments need to approach talks with the IMF as genuine negotiations, and with the human rights of their citizenries and redressing gender and wider societal inequalities as their foremost considerations. While it is folly to try to formulate across-the-board policy recommendations, we find that **government negotiators should:**

- Resist imposition of inflation targets below 5% and feel confident in defending inflation rates that may rise as high as 20%, so long as good governance and resources for people's long-term development needs are growing.
- Recognise deficit spending is a vital tool; any suggestions that governments should reduce their deficits below 3% should be closely interrogated for the impacts on development.
- Insist on increasing spending on public sector workers, making expansion of and improvements to public services a central priority.
- Avoid instrumentalising women through economic policy.

The IMF itself also needs to reform, conducting gendered Human Rights Impact Assessments,⁶⁸ establishing an independent accountability mechanism that accepts complaints from affected communities⁶⁹ and not imposing conditions on borrowers other than full re-payment within the agreed-upon time limit.⁷⁰ It is time for the IMF to directly address the contradiction of promoting an economic model that is dependent on women's unpaid care and domestic work but which fails to acknowledge that reality – treating women's unpaid care as an unlimited externality. As the climate crisis makes clear, there are no unlimited resources!

5 THE POTENTIAL IMPACT OF PROGRESSIVE TAX REFORMS

Rising debt, continuing austerity and public sector wage constraints are undermining the capacity of countries to finance gender responsive public services. But there is one area where countries can make significant strides to expand the revenue available for investment in basic services: through action on tax justice. Taxation is widely recognized as the most reliable, sustainable and democratic way of funding the state budget and public services. While aid and loans might provide temporary support, they are not a sustainable solution (especially as levels of aid have been falling globally⁷¹ and often they come with conditions that create new challenges).

There is not a one-size-fits-all answer for how much tax a country should collect, but **most developing countries should be aiming to increase their tax revenue**. According to the UN a bare minimum of at least 20% tax-to-GDP ratio is needed to deliver on the Sustainable Development Goals.⁷² At present the average tax-to-GDP ratio for Low Income Countries remains below 17%, and countries like Nigeria and Pakistan still struggle to get their tax-to-GDP ratio to double digits⁷¹ (it is not surprising that these two countries have more children out of school than any other countries). This contrasts with LMICs which have an average tax to GDP ratio of 25%⁷⁴, the OECD which has an average of 34% and Scandinavian countries which tend to have over 40%⁷⁵. In their recent analysis of financing the SDGs⁷⁶ the IMF suggests that **many countries could increase their tax to GDPs ratios by 5%** in the medium term (around 5 years) through a combination of tax policy and tax administration measures. In some countries even more ambitious goals are realistic. Following this logic, it is possible that many countries could increase their tax-to-GDP ratios by 1% per year or 10% over the coming ten years, providing a viable basis for financing universal public services by the SDG deadline of 2030.

5.1 PROGRESSIVE TAX [See Section 5.4 in Full Report]

Increasing tax revenue is crucial, but how it is done also matters, as not all taxes are the same. Some taxes are regressive, passing the burden on to those who are least able to pay. A progressive tax system, where those with more means contribute relatively more than those with less, requires a well-designed mix of well-designed taxes. Direct taxes, such as personal and corporate income taxes, and various wealth taxes tend to be progressive, while indirect taxes, such as Value Added Tax (VAT) or most excise taxes tend to be regressive. Unfortunately, **tax systems have become less progressive globally** since the 1980s⁷⁷ with developing countries having on average less progressive and less redistributive tax systems than OECD countries⁷⁸. In large part this has arisen from the standard policy advice of the IMF which recommended developing countries replace revenue lost from tariffs (removed after pressure to liberalise trade) with revenue from VAT (which is relatively easy to collect but regressive)⁷⁹. Unfortunately, the IMF's past tax policy advice has not necessarily resulted in increased tax revenues, but rather a shift in composition of taxes, from direct to indirect.⁸⁰ IMF policy advice on tax is now more nuanced but still rarely takes into account issues of progressivity.⁸¹

While explicit gender bias has become rare in tax codes around the world, **taxes can still indirectly impact men and women in different ways**, because of the different patterns in employment, ownership and spending. Generally, because women are overrepresented among the poor, regressive taxes disproportionately affect women. Underuse and under-enforcement of taxes on wealth and income also holds an implicit bias, as men are more likely to hold wealth, formal jobs and higher salaries.⁸²

We reviewed the literature to identify **success stories of countries which have rapidly increased their tax revenue**. Nepal has increased its tax to GDP ratio from under 10% in 2000 to over 20% in 2017⁸³, thanks to the introduction of new taxes and modernizing tax administration.⁸⁴ Mongolia has increased

its tax to GDP ratio from just over 15% to 26%, largely thanks to improved taxation of extractives, including introduction of a significant windfall tax.⁸⁵ Bolivia increased its tax to GDP ratio by over 10% in just 3 years – from 18% in 2003 to 29% in 2006, largely thanks to a new tax on the hydrocarbon sector.⁸⁶ In Mozambique the tax to GDP ratio increased from 9% to 23% between 2002 and 2014, thanks to administrative reforms and an emphasis on corporate taxation.⁸⁷ Georgia doubled its tax to GDP ratio between 2003 and 2008, raising it to 25%,⁸⁸ through simplification of the tax code, curbing corruption and investing in modern tax administration systems. Cambodia has also seen a strong, steady increase in the tax to GDP ratio over recent years, thanks to, among others, investing in improving the compliance of the largest taxpayers.⁸⁹

For this report ActionAid also conducted original research into the revenue potential from six progressive tax reforms in Malawi, Mozambique and Nigeria – showing that there is considerable space for a significant revenue increase.⁹⁰ [See Table 8 in Full Report] The proposed reforms, focusing on personal income tax, corporate tax, incentives, property taxes and luxury consumption, could translate into an increase in the tax-to-GDP ratio of 1% in Nigeria, 2% in Malawi and a staggering 6% in Mozambique. This research is consistent with the estimations made by other organisations, including the IMF's own estimate that higher rates on top incomes could provide extra revenue of 1.9% of GDP⁹¹

It is worth highlighting the transformation that can come from **action on tax incentives**. Despite growing levels of foreign direct investment in developing countries, levels of corporate taxation have not increased.⁹² The scale of tax incentives (such as tax holidays) offered to companies in developing countries is truly astonishing. The World Bank estimates that just reducing tax incentives in developing countries could increase tax collection by an extra 2-4% relative to GDP, which could translate to over \$190bn in extra revenue.⁹³ Nepal's tax administration estimates that tax incentives offered to investors might be amounting to 5% of its GDP,⁹⁴ while the World Bank's estimations for Cambodia put tax incentives at 5.7% of GDP in 2015.⁹⁵ Rationalising tax incentives and removing the most harmful ones, including tax holidays and discretionary tax incentives, has thankfully become part of the standard advice of the IMF.

Property, wealth and higher-rate income taxes (both personal and corporate) also have a significant potential in developing countries and are considered strongly progressive. Given the quickly growing number of extremely wealthy individuals in developing countries, taxing wealth becomes central to a progressive taxation system.⁹⁶ However, property taxes in developing countries tend to be significantly underused. Taxing the income of the wealthy is also important. Given that a large proportion of the personal income tax revenue comes from the richest 10% (30-50% in advanced economies), compliance among this group is absolutely crucial to ensuring sustainability of revenue from this tax.⁹⁷

Developing countries also lose a significant amount of potential revenue due to issues that require **multilateral action**. Addressing the problem of tax incentives, fueled by international tax competition, would be much easier if countries cooperated in regional frameworks, agreeing to collectively reduce the amount of incentives handed out. It is estimated that annually \$500bn is lost globally to corporate tax avoidance, \$200bn of it in developing countries.⁹⁸ Without a meaningful reform of the international approach to corporate taxation, it is next to impossible to effectively end this problem. International cooperation is also crucial in ending the problem of tax havens, where the wealthy can stash their money, out of sight of tax authorities. It is estimated that as much as \$190 billion in revenue might be lost globally every year due to individuals evading their tax through tax havens, with some \$70bn of it from developing countries.⁹⁹ This adds to the trillions in capital that is playing no productive purpose, lying idle in tax havens.¹⁰⁰

Stronger international cooperation would also open up opportunities for joint application of various **international progressive taxes**, where countries have been hesitant to undertake unilateral action. While many countries have been implementing some forms of net wealth, financial transaction (FTT) and carbon taxes, a unified, collective approach could strengthen their application, limit opportunities for avoidance – and encourage more countries to join in. However, any truly global tax would of course require a global, political institution to adopt and enforce it. A proposal for a UN tax body received an

important political push around the International Conference on Financing for Development in Addis Ababa in 2015, but sadly failed to be approved as a key measure for financing the SDGs because of opposition from rich governments.¹⁰¹ However, the topic remains among the asks of the G77 as well as a large number of progressive political and non-governmental groups.

5.2 WHAT ACTION ON TAX COULD MEAN FOR SPENDING ON PUBLIC SERVICES

In the table below¹⁰² we have calculated what additional revenue could be generated by a 5% increase in tax-to-GDP ratios, by 2023 (broadly in line with IMF recommendations), and what this would mean in terms of spending on gender responsive public services. It is important to note this calculation does not look at the mechanisms for achieving the 5% increase (i.e. which tax reforms) but as we have shown above, significant increases can be achieved through progressive tax reforms. To show what this new increase could pay for we have identified current spending levels for the key “social sectors” (including education, health, WASH and social protection) – those areas where increased investment has been shown to make a huge difference in the lives (and unpaid care and domestic work) of women.

5.3 WAYS FORWARD ON TAX

Governments should set ambitious goals to increase tax-to-GDP ratios in a progressive way, seeking rises of at least 1% per year, so 5% in 5 years and 10% in 10 years, aiming for a tax-to-GDP ratio of at least 30% in the long-term. Key priorities should be to revise tax incentive regimes and corporate taxes, consider property and wealth taxes, strengthen tax systems and promote international cooperation on corporate tax and wider reforms. Investing in tax revenue authorities to effectively implement tax policies and collect taxes, especially from wealthy individuals, is crucial as they are typically under-resourced.

Responding to COVID-19 will require rapid and significant expansion of government revenues and may require even more radical options for tax reform to be considered such as:

- **Creating (or expanding) a wealth tax targeting the wealthiest individuals, even a temporary or one-off “solidarity tax”** imposed on net wealth (public pressure in the present context may help ensure greater compliance by the rich than at other times).
- **Suspending all corporate tax incentives** with immediate effect and raising corporate income tax rates, with higher rates for the most profitable companies and a special tax on excess profits.
- **Reducing VAT rates and expanding the list of items zero-rated or exempted** so that basic foods and goods needed by people living in poverty remain affordable.



Country	Extra Revenue in 2023 with 5% increase (compared to 2017)	Could double budgets from current levels across social sectors...	...and still be left with
Afghanistan	\$1.5bn	Education, health and social protection	\$371m
Bangladesh	\$32bn	Education, health and social protection	\$17bn
Benin	\$1.3bn	Education, health, social protection and WASH	\$556m
Burkina Faso	\$1.8bn	Education and health	\$410m
Central African Republic	\$172m	Education, health and WASH	\$70m
Colombia	\$30.8bn	Education, health and social protection	\$3m
Congo, Rep	\$1.9bn	Education, health and social protection	\$1m
DRC	\$8.2bn	Education, health, social protection and WASH	\$6m
Ecuador	\$6.3bn	Education	\$963m
Ethiopia	\$11.6bn	Education, health and WASH	\$5.89bn
The Gambia	\$156m	Education and health	\$19.9m
Ghana	\$7.8bn	Education, health, social protection and WASH	\$3bn
Guatemala	\$6.2bn	Education, health and WASH	\$2.7m
Haiti	\$1.8bn	Education and health	\$1.3m
Jamaica	\$1.2bn	Health, social protection and WASH	\$218m
Jordan	\$3.2bn	Education, health and WASH	\$2.8m
Kenya	\$10bn	Education, health, social protection and WASH	\$3.8m
Lesotho	\$283m	Education	\$62m
Madagascar	\$1.2bn	Education, health, social protection and WASH	\$547.4m
Malawi	\$732m	Education, health and social protection	\$97.6m
Mali	\$1.8bn	Education, health, social protection and WASH	\$620m
Mozambique	\$1.3bn	Education and health	\$0
Nepal	\$4.4bn	Education, health and social protection	\$2.3bn
Niger	\$979m	Education, health, social protection and WASH	\$121.6m
Rwanda	\$1.3bn	Education, health, social protection and WASH	\$697.5m
Senegal	\$7.6bn	Education, health, social protection and WASH	\$5bn
Sierra Leone	\$380m	Education, health, social protection and WASH	\$56.2m
South Africa	\$27.9bn	Education	\$3.5bn
Tanzania	\$6.4bn	Education, health, social protection and WASH	\$3.3bn
Togo	\$598m	Education, health and WASH	\$201.5bn
Uganda	\$3.1bn	Education, health, social protection and WASH	\$1.5bn
Zambia	\$6.2bn	Education, health, social protection and WASH	\$3.7bn
Zimbabwe	\$2.4m	Health	\$3k

6

CONCLUSIONS AND RECOMMENDATIONS

The case for massive increases in investment in gender responsive public services is compelling. It is essential if developing countries are to deliver on long recognised commitments on women's rights and human rights. It is crucial for achieving the Sustainable Development Goals and transformative in addressing the gendered injustice of women's vastly unfair share of unpaid care and domestic work. When public services are underfunded or cut there is a disproportionate impact on women – who are the first to lose access to services when fees are charged, who have to walk further to collect water or fuel, who assume the burden of care for children, the sick and the elderly, and who lose some of the best opportunities for decent work. For too long many government ministries and activists in the fields of health, education, childcare, water, energy, agriculture and transport have been played off against each other, scrambling for a bigger share of a small pie – rather than joining forces to demand a larger pie from which they would all benefit.

In many countries public services have been chronically underfunded since the onset of the IMF's structural adjustment programmes in the 1980s. Despite increasingly progressive rhetoric coming from IMF policy and research papers, IMF loan conditions and policy advice at country level remains little changed. Low inflation and deficit targets compel countries to hold down overall spending, and its obsession with public sector wage bill containment has a direct impact on the capacity of countries to invest in public services. The new debt crisis threatens to take away even more resources that are urgently needed to expand public services. The tax policies pursued by most countries lack the ambition needed and depend too much on regressive taxation that disadvantages women.

There are alternatives. It is time for developing country governments to resist the worst excesses of IMF advice and to listen to their own citizens. Countries can find greater fiscal space than the present economic fundamentalism permits. Rather than focus only on narrow measures of GDP growth, progress on fulfilling rights and redressing discrimination based on gender and other systems of oppression should be seen as a key measure of a successful economy. A sea change

in the financing of public services is possible through action on debt, austerity and tax. Failing to act will leave women to pick up the pieces, perpetuating the invisible injustice of unpaid care and domestic work. We estimate that **the recommendations made in this report could reduce the number of hours women spend on unpaid care and domestic work globally by 9 billion hours every single day by 2030.**¹⁰³ That dramatic shift comes from the impact of more than doubling spending on education, early childcare, health, water, social protection and other services such as energy and agricultural extension. This would cut by at least half the time spent by women on caring for children and the sick, and the time spent collecting water and fuel – which constitute a major part of the unpaid care and domestic work.

Our report has a number of findings from which we draw out recommendations for the future:

FINDING 1: Based on a comprehensive review of 56 countries (all LICs and cross section of MICs) we find that in practice at country level the **IMF advice or conditions** remain largely un-changed from the bad old days. Although only 8% of countries surveyed have problematic levels of inflation nearly 80% of countries are advised to freeze or reduce inflation rates.. Although most countries we studied have modest deficits, the IMF expects 70% of them reduce their deficit further and another 26% to maintain it at current levels – blocking their capacity to increase spending on quality public services.

RECOMMENDATION: Governments should **pursue expansionary macro-economic policies** and counter-cyclical investments in gender responsive public services – resisting the IMF cult of austerity and wider constraints to public financing. Inflation rates of up to 20% should not be deemed as

automatically problematic and deficit rates of under 3% should be considered as modest and acceptable for countries needing to make transformative investments in public services in order to achieve the SDGs or provide a comprehensive response to COVID-19.

FINDING 2: After backing down from the use of public sector wage bill caps in 2007, the IMF is now coercively encouraging public sector wage bill ‘containment’. The IMF is anticipating a freezing or a cut in public sector wage bills in nearly 80% of the countries we surveyed. Even where these are not absolute conditions or where there are sectoral exemptions, in practice this blocks countries from employing more teachers, doctors, nurses and other public sector workers. At times of recession public sector workers (especially those in the more care-based professions who tend to be women) are the first to suffer, losing their jobs or having their pay and conditions squeezed.

RECOMMENDATION: Governments should invest more in non-military public sector personnel - and **resist the public sector wage bill ‘containment’** being advocated by the IMF. Governments should recognise that public sector personnel (many of whom are women) are an essential investment and their conditions need protecting and improving as much as capital investment at a time of recession.

In order to respond to COVID-19 there is a particular urgency to massively increase the number of nurses, doctors and care workers – which depends on removing public sector wage constraints.

FINDING 3: Countries desperately need to expand tax revenues to finance development but most IMF advice still focuses on regressive tax rather than the many progressive alternatives. Many countries have expanded their tax bases in an accelerated way in the past and our new evidence shows that this can be done in a progressive and gender-responsive way.

RECOMMENDATION: Governments should **set ambitious targets for increasing tax to GDP ratios in a progressive way**, targeting an increase of 5% in the coming few years and an increase of 10% by 2030. There needs to be more focus on progressive and gender responsive revenue collection, including ending harmful incentives, promoting and enforcing fair corporate tax, as well as taxes on the income, capital, land and property of the wealthy. As world leaders are set on a ‘war footing’ to respond to COVID-19, it is worth recalling that in the years following the second world war, tax rates for the highest earners were usually above 80% and often over 90%.

FINDING 4: There is a new debt crisis looming with debt servicing likely to rise significantly in the next few years in many developing countries. Much of the debt that has accrued in recent years is with China or private banks, but loans were rarely negotiated with full transparency to national parliament and citizens. This debt drives countries back into a dependency on the IMF which in turn leads to coercive austerity. High debt service payments (over 12% of national budgets) directly link to falling spending on public services.

RECOMMENDATION: Governments should **immediately suspend debt payments** in order to finance domestic responses to COVID-19 and **renegotiate debt servicing for the future** so that it does not exceed 12% of national budgets. They should push for independent debt workout mechanisms and ensure that all new loans are negotiated with full transparency to national parliament, media and citizens.

FINDING 5: The obsession with measuring GDP makes women’s unpaid care and domestic work invisible. Despite multiple challenges from women’s rights and climate justice groups the IMF and the economics establishment as a whole has not moved away from this in practice.

RECOMMENDATION: All governments should factor progress of human rights and SDGs, including unpaid care and domestic work, into national economic measurements and targets. The future focus should be on **building economies that care for both people and the planet**. It is time to explore alternative economic ideas and break the dependency on the IMF’s limiting worldview. COVID-19 is an opportunity for a global re-set, with a profound revaluing of investments in public health, education and the care of those who are most vulnerable in our societies.

FINDING 6: The chronic underfunding of public services for two generations has led to shortcomings in the quality of their provision, fostering disillusion and opening the door to privatisation of services – thereby excluding the most disadvantaged, fueling inequality and increasing the burdens of care passed on to women. Many donors are now contributing to PPPs or privatisation of public services

RECOMMENDATION: Governments should focus on **rebuilding the national social contract around public services, resisting the ideological push for privatisation** and PPPs. Governments need to reclaim democratic sovereignty over critical social and economic decisions and put their citizens first. Governments should refuse to accept loans or grants from any source that contributes to privatisation of public services. Rather they should work towards a renewed vision of gender responsive public services which are truly accountable to people. Effective responses to COVID-19 have depended on strong government action and public investment, with some countries renationalizing health, transport provision and other services. This should be a global turning point where collective action and public services are valued over self-interest and private profit.

FINDING 7: A sea change in the financing of gender responsive public services is possible – by taking action on tax, debt and austerity. In most countries it is possible to more than double existing public spending on public services. This would have a transformative impact on women’s unpaid care and domestic work, leading to a structural rather than just tokenistic redistribution.

RECOMMENDATION: Countries should make strategic and sustained investments in gender responsive public services. They need to resist the conditions and hegemonic austerity ideology of the IMF. Citizens need to unite to demand this – linking women’s rights activists, education, health and water activists, public service unions, tax justice movements etc. it is time to defend the public sector as a whole and not allow one service to be played off against another. It is time to build economies and societies that care for people and the planet. It is time to show who cares!

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