

FISCAL ACCOUNTABILITY FOR INEQUALITY REDUCTION

Empowering citizens to ensure that fiscal systems are more progressive and government policies on tax and spending benefit the many, not the few.

Concept Note, February 2017

**EVEN
IT UP**



OXFAM

INTRODUCTION

The global inequality crisis is reaching new extremes. Fighting inequality has been included in the Sustainable Development Goals (SDGs) under SDG 10 because of global agreement that inequality undermines sustainable development. This inequality crisis undermines our fight against poverty and our work to support people to have a greater say in development policy and practice.

Oxfam's research shows the scale of the problem: in 2016 just eight men had the same wealth as 3.6 billion people – equivalent to half of humanity.¹ Seven out of ten people in the world live in a country where the gap between the rich and poor is worse now than it was 30 years ago.²

Wealth buys power, access to decision making and access to opportunities, and in doing so enables a privileged minority to continue to enjoy their full set of rights to the detriment of the rights of the majority.

However, extreme economic inequality is not inevitable – it is the result of policy and investment decisions and a political and economic ideology that serves the few at the expense of the many. Evidence shows that economic inequality stunts growth and progress, erodes social cohesion and leaves the poorest behind with little ability to lift themselves out of poverty.

Oxfam sees **fiscal justice as central** to the fight against extreme economic inequality. Evidence shows that government policies on taxation and public spending can be among the best tools we have for tackling inequality,³ if they are used to create an economic system that redistributes resources and power towards those who are most excluded and marginalized.

In early 2016, Oxfam launched a global programme called **F.A.I.R. – Even it Up!** (FAIR: Fiscal Accountability for Inequality Reduction) to scale up Oxfam and our **partners'** influencing, programming and campaigns work on fiscal justice with the goal of reducing inequality. F.A.I.R. – Even it Up! is built on the foundation of **Oxfam and our partners' track record of tax justice, social accountability and budget advocacy** work in over 22 countries, recognizing the urgent need to bring these agendas together and significantly increase the reach of our work to tackle extreme economic inequality. It is the 'footprint programme' of the Even it Up! campaign,⁴ Oxfam's high-profile global campaign to end extreme inequality.

OXFAM'S APPROACH TO FISCAL JUSTICE

For Oxfam, fiscal justice is about people having the space, voice and agency to exercise their rights in order to monitor and influence fiscal systems to ensure that they are fair, mobilize greater revenue, and increase and improve spending for quality public services for all. It is about redressing the enormous power imbalances that currently exist, as a result of which large corporations and wealthy individuals are able to exert hugely disproportionate influence over political and economic policies, favouring their own interests at the expense of the interests of the majority. It is also about redressing the way in which fiscal decisions are reached; decisions over the budget are key to 'who gets what and who pays', and are therefore subject to intense pressures from powerful elites.



HOW CHANGE HAPPENS – OXFAM'S THEORY OF CHANGE

WHY USE FISCAL ACCOUNTABILITY TO PUSH FOR FISCAL JUSTICE?

Fiscal accountability that includes greater participation of marginalized people, especially women and young people, has **huge potential to be a game changer** for development because:

- **Progressive, participatory and responsive systems of revenue collection**, including taxation and public spending, can finance sustainable measures to reduce poverty and economic, political, gender and inter-generational inequalities.
- Effective **engagement and participation of historically disadvantaged groups** can result in fairer and more equal opportunities for people to access services in ways that can reduce inequality, and discourage discriminatory attitudes and behaviours that restrict opportunities.
- A more **efficient revenue system** that deals with tax avoidance and evasion means more revenue is raised, avoiding the use of public debt, repayment of which is made at the expense of future generations and future needs.
- Fiscal accountability can encourage the **decentralization of political power** through decentralized budgets and decision making.
- **Public explanation** of revenue collection and fiscal allocation involves people in defining spending priorities, and can contribute to increased collection and improved governance and accountability.
- **Quality public services** like healthcare and education, provided free at the point of use, have the **power to transform societies**. They enable people to claim their rights and to hold their governments to account, as well as improving their life chances. Public services are great equalizers, particularly for women, and help mitigate the impacts of skewed wealth and income distribution.

Below is the theory of change that we want to use for the F.A.I.R. – Even it Up! programme to learn from our work and test our underlying assumptions. It enables us to more effectively define entry points and identify the mix of strategies we believe will lead to greater fiscal and gender justice in specific contexts. Since this task is complex and not linear, **we have separated** our theory of change into different parts that each build on one another (see the theory of change diagram, below).

F.A.I.R. – Even it Up! theory of change

Fiscal injustice is an important driver of extreme inequality. **Working with partners and allies** to fight for fiscal justice is a priority for Oxfam because it is a key way to tackle inequality and make governance systems more responsive to the needs of the poor. **We put people – particularly young people and women – at the centre of this work**, and we work using a rights-based approach. Oxfam and partners have a role to play in fostering a constituency of people who care about and want to challenge inequality and fiscal injustice. Oxfam is part of the national and global civil society ecosystem; as such, we seek to support our partners and their coalitions to engage with others fighting for fiscal justice.

Alongside our partners, we understand that influencing the way change happens requires **shifting attitudes, changing social norms and making fiscal policy issues relevant to people**. The foundation for this work is that we, our partners and existing coalitions truly understand people's priorities and values in relation to public revenue collection and public spending – the public resource chain. We need to continually revisit our analysis of political economy to ensure that we are using the lens of inequality in looking at the fairness of revenue systems and public spending. We need to look not just at how formal decisions are made, but also how elite groups use informal mechanisms to set the public agenda. We need to analyse how gender equality and young people's participation can be furthered throughout our work to influence the way the public resource chain operates.

We are going to be creating a vibrant dynamic knowledge network for staff and partners which will support the scale and ambition of the programme. We want to ensure we continue to learn from our work, test our assumptions and the theory of change and adapt accordingly. We want to work with other organisations to ensure our teams and partners have the skills needed to deliver this work.

PART 1

With this **knowledge**, we can shape our work going forward and will be better equipped to demystify the public resource chain in a way that connects with people's day-to-day lives. Our work (and history) tells us that **people are more likely to mobilize collectively in favour of progressive fiscal systems when they see the connections with their own lives and understand their rights and responsibilities as taxpayers, the inequalities in the burden of public revenue collection, and the potential for public spending (for example on public services or agriculture) to act as an equalizer.** To work effectively on fiscal accountability, we believe that it is vital to tap into this potential to **create an active and broad constituency of people** who are aware of their own rights and responsibilities, spanning the civic sphere, the private sector and public authorities. F.A.I.R. – Even it Up! must therefore start with what people care about, the norms which guide their actions, and how power shapes the evolving political economy.

PART 2

We want to see **marginalized groups, especially young people and women, address inequality of power and influence by becoming empowered through CSOs, coalitions and social movements.** Oxfam has for many years been supporting networks of marginalized people, especially women's organizations/networks and youth groups in the countries where we work. By building connections between these and the fiscal justice movements and coalitions that our F.A.I.R. – Even it Up! partners are part of, we can proactively support civil society in inclusively building influencing strategies with these more marginalized groups. Taking these voices and needs into account strengthens civil society's work on fiscal accountability and its legitimacy to engage with the private and public sectors.



PART 3

When **people's power is exercised through broad coalitions, we believe it can provide a critical counterbalance to the disproportionate power of elites in setting the agenda for fiscal policy in the countries where we work.** If we want people, beyond the populations we normally reach, to act on rising inequality and fiscal injustice, it becomes essential that we work with our partners and allies to reach out to a broader constituency. We will therefore work with the networks in society that shape public opinion: religious groups, trade unions, community-based associations, parts of the private sector, student movements, social movements, and both traditional and new media. Armed with an understanding of people's needs, values and perspectives, our partners on the ground can connect with and build awareness of fiscal injustice and inequality among greater numbers of people, thus enabling them to play a role in defining the terms of public debate beyond government institutions. To do this we must also **seek out champions who have influence in the civic and public sectors,** who understand the fiscal system, and who 'speak the same language' as those we seek to influence in government ministries and in international institutions that provide technical assistance to government bodies.

PART 4

We believe **civic space is critical to strengthening accountability.** We thus need to work with others to create such space, in which trust can be built and dialogue can take place between those broad fiscal coalitions and the authorities working on the revenue or expenditure sides of the fiscal system. Such coalitions need the active involvement of those whose voices are heard less often in civic space, especially women and young people, and Oxfam will hold ourselves to account with the same principles. Social accountability, when combined with advocacy, has proven to be a powerful means of connecting up such spaces for dialogue in pressuring for policy change. When done in an inclusive way, it opens up opportunities for those who are traditionally marginalized, especially women and young people, to voice their concerns, be listened to and influence fiscal policy. We believe that this will enable the needs of marginalized people, especially young people and women, to be taken into greater account in fiscal decision making. It will also enable civil society coalitions, of which we are a part, to gain legitimacy, especially with future generations.

PART 5

We believe that when, **as part of these coalitions, we use a mix of 'insider' and 'outsider' strategies, we will help persuade and pressure power holders – and those with influence over them – to take action to address fiscal injustice and inequality.** While it is essential to continue working on strengthening accountability at all levels, we know that this must be accompanied by increased pressure on and engagement with power holders to persuade them to do things differently. To persuade, we want to **work more closely with institutions that fund fiscal reform and provide technical capacity to government bodies, to show how people's participation in civic space can be supported and can benefit policy making.** We must engage those who manage the public resource chain, and listen to their views about the constraints and challenges that they feel block greater participation. To exert pressure, we need **to make use of our global network** to enhance the influence exercised by people and through fiscal justice coalitions. Together, we can influence the multi-stakeholder spaces that play a role in determining fiscal norms and tax rules. Through our public campaigning, we will stimulate debate and pressure for reform in flexible ways that help us respond at key junctures such as elections, crises and the emergence of new social movements.

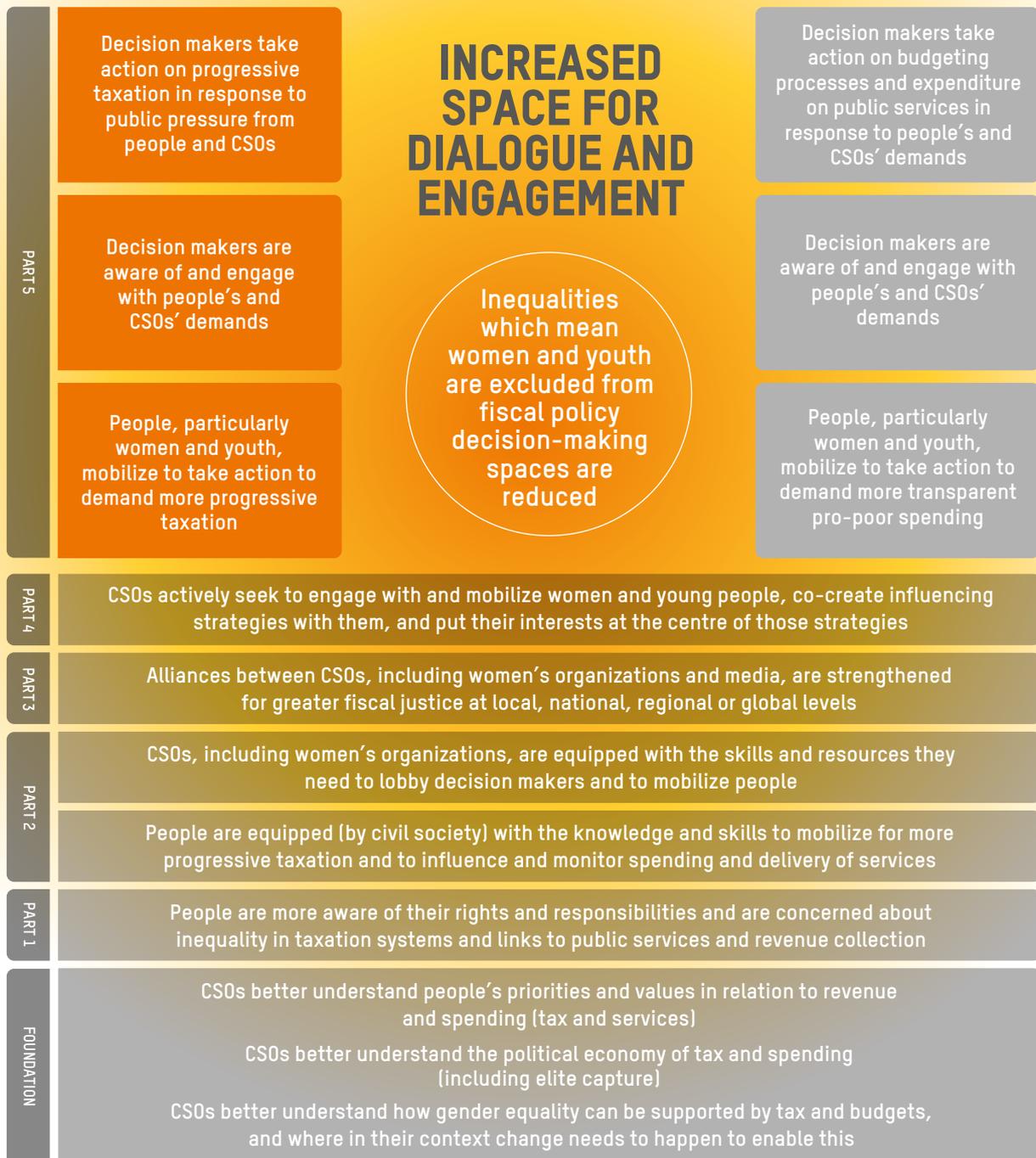
Through this we will see more and more people becoming empowered to address inequality of power and influence, so that fiscal systems become more progressive and power holders are obliged to implement revenue and spending policies that benefit the many, not just the few. Involving more women and young people in fiscal policy decision making can be a means to achieve more responsive policies and greater accountability of power holders to the people who are usually left behind in development. We believe that achieving this will reduce inequalities of gender, voice and power.

F.A.I.R. – EVEN IT UP! THEORY OF CHANGE DIAGRAM

Programme goal: People are empowered to redress inequality of power and influence, so that fiscal systems are more progressive and governments implement tax and spending policies that benefit the many, not the few

Long-term outcome 1: Tax systems raise more revenue and are made more progressive so the tax burden is more evenly shared and inequality reduced, particularly for women and young people

Long-term outcome 2: Budgeting processes become more transparent and spending on progressive public services that tackle gender and economic inequalities increases



THE PROGRAMME

Programme goal

'People are empowered to redress inequality of power and influence, so fiscal systems are more progressive, and governments implement tax and spending policies that benefit the many, not the few.'

Programme time frame: 2017 to 2020

F.A.I.R – Even It Up! is a priority programme for Oxfam. We are seeking to significantly scale up our existing activity over the next four years and to work in a number of focus countries, which are listed below.

Programme outcomes

1. Tax systems generate more revenue and are made more progressive so the tax burden is more evenly shared and inequality is reduced, particularly for women.
2. Budgeting processes become more transparent and spending on progressive public services that tackle gender and economic inequalities increases.
3. Oxfam and partners' access to skills building, knowledge sharing, evaluation and learning contribute to the outcomes of F.A.I.R. – Even it Up! and to the sector body of knowledge.

Programme strategies and indicative activities

Citizen awareness, mobilization and campaigning for attitude change, engagement and empowerment.

We will:

- Work with CSOs to develop a stronger understanding of public attitudes and represent citizens' voices legitimately and effectively.
- Raise public awareness, mobilize and empower people to campaign for change at multiple levels.
- Work with people to implement and strengthen social accountability mechanisms to monitor and influence budget and spending decisions and access to/quality of public service delivery. This will use a number of participatory budget monitoring and social accountability tools, such as public expenditure tracking surveys and social audits.
- Utilize a range of different media tools to focus attention on taxation and budgets in target countries and influence the public and political debate. These will include investigative journalism, print media, radio and television as well as social media.

Strengthen women's and young people's participation and leadership.

We will:

- Work with and strengthen women's networks to engage on fiscal justice.
- Mainstream gender equality and equal opportunities into all programme approaches.
- Support gender responsive budgeting and the engagement of women's rights organizations and movements in policy-making spaces to help them hold governments to account on whether public revenue is supporting gender equality.

Capacity and alliance building for people and CSOs.

We will:

- Build and strengthen partnerships and civil society networks to influence progressive taxation and public spending.
- Work with partners and allies to reach out to a broader constituency, including work with religious groups, trade unions, community-based organizations, parts of the private sector, student movements and social movements.
- Build and strengthen the participation and influence of women's networks. This will focus on supporting more inclusive ways of working and stronger representation of people's views, better understanding of policy change processes and political contexts, and communications and media expertise.
- Strengthen capacity of organized civil society to integrate women and young people.

Strengthen dialogue and engagement with key decision makers and informal power holders.

We will:

- Undertake robust political economy analysis to target our influencing work.
- Build champions within governments and among other key influencers.
- Work in collaboration with organizations that build the capacity of government bodies, in order to strengthen transparency and accountability. This will aim to increase space for citizens' voices and institutionalize more participatory allocation, budgeting and policy processes.

Research, advocacy and policy-influencing for policy and legislative change.

We will:

- Develop robust and credible research to strengthen the evidence base on public revenue collection and public spending.
- Lobby to influence decision makers on public revenue collection, public spending and progressive policies on public services and access to agriculture.

Programme countries

The following countries are currently implementing F.A.I.R. – Even it Up! activities or would like to in the future, provided funding is available: Bangladesh, Bolivia, Brazil, Burkina Faso, Burundi, Cambodia, Columbia, Cuba, Dominican Republic, Egypt, El Salvador, Georgia, Ghana, Guatemala, Haiti, Honduras, Indonesia, India, Kenya, Laos, Malawi, Mali, Mauritania, Myanmar, Morocco, Mozambique, Nicaragua, Niger, Nigeria, Occupied Palestinian Territories, Pakistan, Paraguay, Peru, Senegal, South Africa, Tunisia, Uganda, Vietnam, Zambia, and Zimbabwe.

Budget summary

To date, we have secured funding from institutional donors including the Dutch Ministry of Foreign Affairs, Finnish Ministry of Foreign Affairs and the Bill and Melinda Gates Foundation, and are in advanced talks with Sida. In order for Oxfam to carry out this vital work in a number of countries over the next four years, we are looking to secure additional funding in the region of €15m from funding partners.

Please find below an initial indication of the type of activities for which we are seeking funding. Detailed budget information is available on request.

€100,000 could fund **research and sustained policy influencing in one country** to generate evidence on fiscal justice, allowing us to be more targeted and effective with our programme and campaign messages and actions.

€500,000 could fund local **Oxfam partners to implement social accountability tools, including budget analysis, in partnership with community members**. This would strengthen participation and dialogue with government officials and other key stakeholders on budget processes, and influence decisions on spending affecting their local area (across a number of local provinces).

€1 million could fund a **series of civil society capacity building activities in five countries** to empower progressive actors, catalyse national campaigns and work with civil society networks to mobilize hundreds of thousands of people.

€3 million could enable us to implement a **package of interventions in two to three countries in the Global South** to mobilize millions of people on fiscal justice. We could undertake research, develop policy briefs and build dialogue to influence policy and practice; work closely with media; undertake awareness raising and local and national campaigning; and implement social accountability tools to strengthen participation and influence spending and service-delivery decisions.



Programme impact

With additional funding, people in 40 countries will be empowered to take action to monitor and influence fiscal systems by holding their governments to account on mobilizing greater revenue and increasing and improving spending for quality public services. This has the potential to deliver significant change to the lives of millions of people by supporting increased access to vital services and resources such as healthcare, education, social protection and agriculture.

Monitoring, evaluation and learning

Monitoring, evaluation and learning (MEL) is a priority of the F.A.I.R. – Even It Up! programme. There are five core strands to our approach to MEL. Firstly, learning and generating knowledge from the programme through monitoring and evaluating progress and impact; secondly, learning from our practice by supporting shared learning opportunities internally and externally; thirdly, bringing in new knowledge through strategic partnerships; fourthly, capacity and technical skills building and training; and finally, stimulating and supporting innovation.

We aim to provide a strong and flexible MEL framework that country programmes can adapt to their context-specific interventions. The MEL framework will be used to monitor progress towards results and to provide a critical evidence base for decision making, learning and accountability. However, this is not its only purpose. The MEL framework will also contribute to generating knowledge about what works and why in fiscal justice and activism, and about measurement approaches in this area of work. We recognize that this is a relatively new and ambitious holistic programme: it will require long-term investment and a strong iterative approach to learning in the programme design and implementation. We also know that there are many other actors with solid experience, and we want to learn from them to ensure that our teams and partners have the skills needed to deliver this work. We want to continue to learn from our work, test our assumptions and the theory of change, and adapt accordingly.

We will strive to maximize knowledge and learning opportunities for affiliates, partners and staff engaged in F.A.I.R. – Even It Up! through a process of programme reviews and regular engagement. This will provide a platform that brings together a wealth of experience from a multitude of global actors, from both within Oxfam and outside (academies, think tanks, networks). In turn, this would enable a broader, holistic review of programmes and progress – promoting peer-to-peer discussion on what has worked, what hasn't, why, and how to keep acquiring the tools and knowledge needed for improved effectiveness and long-term sustainability.

OXFAM'S VALUE ADDED

Oxfam is particularly well placed to make a difference in fighting extreme economic inequality through effective fiscal justice programmes. Our specific 'value added' is grounded on three key factors:

- **Fiscal justice partnerships:** Oxfam has in the past years developed solid partnerships with key organizations including leading local NGOs, regional and global networks such as the Global Tax Alliance for Tax Justice, the Financial Transparency Coalition and the Tax Justice Network, experts in academia and think tanks, as well as useful alliances with, for example, Civicus and the International Budget Partnership.
- **Global reach:** Oxfam's network of 18+ affiliates, our presence in 67 countries, our hubs in seven regional centres and our five advocacy offices (Addis Ababa, Washington DC, New York, Brussels and Cairo) give us a unique opportunity to link interventions effectively at national, regional and global levels. This is crucial when dealing with challenges such as the reform of the international tax system.
- **Grounded in people's realities at the grassroots:** Oxfam's work hand in hand with communities at the local level ensures that our programmes and campaigns like Even It Up! stay relevant and grounded in the practical challenges that women, men and children face in their daily lives.

These three features – our ability to play a distinctive role in convening and brokering key relationships for change, to connect local-to-global agendas in an intelligent way, and to ensure communities are placed at the centre of our programmes – put Oxfam in a unique position to tackle the challenge of inequality.

APPENDIX: OXFAM'S TRACK RECORD

Oxfam has spent over 70 years fighting poverty and injustice in more than 90 countries. We have extensive experience of delivering programmes and campaigns that advance people's rights through tax, budget and social accountability work at a national, regional and global level. We work from the ground up to bring the voices of women, youth and rural communities to the fore so that they can influence the private sector, multilateral institutions and governments, challenging vested interests and unaccountable power structures.

We work in over 20 countries across Africa, Latin America and Asia on social accountability, domestic resource mobilization, tax justice and budget monitoring. This includes work in conflict-affected countries with politically complex governance systems, to ensure meaningful participation of citizens in situations where there are often limited democratic political processes.

Here are some highlights of that work, demonstrating where our expertise lies. For further details on these and other case studies, please see our Fiscal Justice Global Track Record report.

In Honduras in 2015, Oxfam and partners worked with a civil society coalition to do a 'social audit' of the budget to analyse the government's commitment to gender equality. This audit also compared expenditure against legal commitments, allocations for prevention of and protection against gender-based violence, prosecution of violence against women, as well as tax provisions which affected women negatively. The findings formed the basis of an alternative budget proposal. The group worked across party lines with parliamentarians to build support for the proposal. This opened doors to advocate in favour of the establishment of Municipal Offices for Women to increase responsiveness to women's needs at the local level, and to ensure allocation of local budget to projects specifically to benefit women.

In 2013, Oxfam in Ghana supported 'Oil 4 Agriculture', a partner-led, high-impact advocacy and public campaign around the budget cycle. As a result of a public demonstration of farmers who marched to present a petition with 20,000+ signatures, and public pressure from civil society, the Ghanaian government committed to invest 15% of oil revenues into agricultural modernization, of which 94.5% was allocated to pro-poor agriculture supporting small-scale producers. Oxfam's partners are conducting value-for-money studies to follow up and monitor how the funds are being spent. In 2013–14, Oxfam supported the creation of a broad CSO

platform on the IMF bailout. Using local-to-global influencing strategies with support from the Oxfam Washington DC advocacy office, this coalition was able to build support for a not business-as-usual bailout. Public spending for pro-poor sectors increased, and the agreement between the IMF and the government included fiscal transparency requirements. The implementation of this agreement is now subject to civil society monitoring to ensure provisions are met, and demonstrates how international financial institutions can also be influenced to achieve national change.

In the Dominican Republic, 2012 was an electoral year. A groundswell of people and CSOs formed a civic movement, which Oxfam was part of and supported, to mobilize around a very specific target: the implementation of the General Education Law 66–97 on budgetary matters. This establishes 4% GDP investment in school education, which successive governments had never put into practice. Protesters, armed with yellow umbrellas – to protect themselves from the sun and the rain, and with '4%' printed on them in black – became the symbol of this movement, nicknamed 'Yellow Monday'. Their collective action was marred by physical aggression against a group of protesters in front of the National Palace. However, the movement was not dissuaded and used a legal appeal to the constitutional court to hold the government to account. Indeed, far from deterring them, the backlash against the protestors triggered a massive outpouring of support and commitment via social networks and media, and public support from academics and opinion leaders. This pushed all political parties to sign the 'Political and Social Commitment for Education' pledge. As a result, since 2013 the Dominican Republic government has met its legislative duty and allocated 4% of GDP to education.

NOTES

¹ Oxfam (2017) 'An economy for the 99%', available at: <http://policy-practice.oxfam.org.uk/publications/an-economy-for-the-99-its-time-to-build-a-human-economy-that-benefits-everyone-620170>

² Calculated based on B. Milanovic (2013) 'All the Ginis Dataset (Updated June 2013)'

³ See for example N. Lustig (2012) 'Taxes, Transfers, and Income Redistribution in Latin America', Inequality in Focus Volume 1 (2): July 2012, World Bank, available at: <http://siteresources.worldbank.org/EXTPOVERTY/Resources/InequalityInFocusJuly2012FINAL.pdf> and G. Verbist, M.F. Förster and M. Vaalavuo (2012) 'The Impact of Publicly Provided Services on the Distribution of Resources: Review of New Results and Methods', OECD Social, Employment and Migration Working Papers, No. 130, OECD Publishing, p. 35, available at: <http://dx.doi.org/10.1787/5k9h363c5szq-en>. A good overview is provided in Oxfam's 2014 briefing paper 'Working for the Many: Public Services Fight Inequality', available at: https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bp182-public-services-fight-inequality-030414-en_1.pdf

⁴ Some of the game-changing policy solutions the campaign proposes include to:

- 1) Make governments work for people and tackle extreme inequality;
- 2) Clamp down on tax dodging by multinational corporations and rich individuals and curtail illicit financial flows;
- 3) Convince governments to share the tax burden fairly through progressive tax systems;
- 4) Invest in universal, free public services such as healthcare and education, and ensure social protection;
- 5) Pay workers a living wage, introduce equal pay legislation and promote economic policies to give women a fair deal.

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The Fiscal Accountability for Inequality Reduction (F.A.I.R.) Even it Up! programme aims to tackle extreme economic inequality globally using fiscal accountability with greater participation of people. F.A.I.R. - EiU! unites the work of Oxfam and partners in over 40 countries.

<http://policy-practice.oxfam.org.uk/our-work/inequality/fair>

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