

Tax and gender from the perspective of informal women traders in Kenya

In 2017, the informal sector created 87.7% of all new jobs and accounted for 83.4% of total employment (Kenya Economic Survey 2018). This speaks to its economic value and more so to tax revenue contribution, even with the common misperception that the sector is hardly contributing. Women traders are particularly invisible in terms of being a source of tax revenue. They are also least able to voice their views in budget discussions at the central or county government level.

There is evidently a need for government to engage with women small traders and their representatives, in order to understand this important and substantial sector, how the traders experience taxes and what their needs and priorities are for services and other government support. However, little is being done by the government in practice.

Under the auspices of a project called 'Mobilizing Progressive Domestic Resources for Quality Public Services' (DRM project), Oxfam in Kenya has been working to raise citizens' awareness of their rights as tax payers, including their right to hold governments to account for more equitable taxation, allocation of resources, and more effective and accountable delivery of public services. As a part of this, in 2018, Oxfam in Kenya completed a study focused on the gendered impact of taxation on small-scale traders in Nairobi. The aim of the study was to get a better understanding of informal small-scale traders in Nairobi, how national and county taxes and services affect them, and how their tax burden in particular compares to taxation falling on the formal sectors.

The results of the study were significant:

- The informal sector contributes about 30% of GDP and accounts for about 80% of all employment. Of those employed, 66% are women. Any tax reforms affecting the informal sector should therefore consider more than just the overall revenue potential of the informal sector but also its impact from an economy, employment and gender perspective.
- Informal small-scale traders themselves are unclear on their tax obligations, which means that they often fall prey to harassment by city officials. There is also little or no sense of ownership of public services among small scale traders who also have no impetus to hold the government to account for the quality and relevance of those services.
- Importantly, there are some informal sector workers who are falling through the net in terms of official definitions, which means that they are not reflected in the statistics and are even further removed from information about either tax obligations or service delivery.

The DRM project has responded to some of these issues, increasing awareness of individuals' rights as taxpayers. Many of those we worked with gained knowledge on the basics of taxation, how money is raised and the broad cycle of budgeting. Learning about these issues and linking taxation with the provision of public services has been enlightening for many, bringing awareness of how public services are funded and of people's right to be heard in terms of how resources are raised, allocated and spent. Learning about the basics of public financial management has made individuals more confident to approach 'duty bearers' (those

responsible for delivering public services) and prepared them to make a more meaningful contribution to decision-making processes at local levels.

In future, there is much scope for Oxfam to work more on the connection between taxation and basic rights and essential services. We should also invest more time in helping to identify the most important existing or potential spaces for specific groups to engage effectively, participate, raise their voices and influence key decisions on public service delivery and other governance matters that affect them. Further, work is needed to make sure spaces are truly inclusive and do not reinforce patterns of marginalization. But first, it is vital to be clear about specific target groups, and to build strategies that are responsive to their realities and needs. Understanding why fiscal justice is important for specific groups of women and identifying issues that are most relevant to them, are key.

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