



Increasing tax revenues by tackling tax avoidance could help fill the education finance gap, says UNESCO

Better management of tax and prioritization of education could raise \$153 billion for education in 2015

A new paper released today by the *Education For All Global Monitoring Report* (EFA GMR) at UNESCO reveals that improving tax systems in 67 countries and devoting a fifth of government budgets to education could raise an additional US\$153 billion for the sector in 2015. This would fill over half of the finance gap for achieving quality universal basic and lower secondary education.

Across the 67 countries analyzed, these reforms would more than double the average spending per primary school age child, providing enough money to dramatically increase the quality of education for millions of children around the world.

Currently only seven of the 67 countries generate 20% of GDP in taxes and allocate 20% of their budgets to education, as recommended by the United Nations to achieve global development goals.

Manos Antoninis, acting Director of the EFA GMR, said: *“Ambitions for education up until 2015 and beyond require funding, but funds will not come out of thin air. Recent declines in aid to education require national governments to make up the shortfall. One way to do this is through more efficient tax collection.”*

The paper warns that tax revenue is growing far too slowly as a share of GDP in poorer countries. At present rates, only 4 of the 48 countries currently raising less than 20% of GDP in tax would reach the 20% threshold by 2015.

International NGO ActionAid’s Tax Power campaign has exposed tax avoidance by big companies around the world and is drawing attention to the trillions of dollars estimated to be hidden away in tax havens.

The EFA GMR paper shows that if the money hidden away in tax havens was subject to capital gains tax, and 20% of the resulting income was allocated to education, up to US\$56 billion in additional funds could be raised for the sector.

Henry Malumo, Africa Advocacy Coordinator at ActionAid said: *“Tax dodging by big companies is sucking vital tax money out of many of the world’s poorest countries and away from vital services such as education. These tax parasites are now being unmasked by African governments. We need to force big companies to pay what they owe, and make them work with us, not live off us”.*

The EFA GMR team, ActionAid and the Tax Justice Network are joining in calling on African Union Finance Ministers meeting in Abuja this week to tackle tax avoidance by stopping harmful tax exemptions and tax treaties, and for donors and international partners to support governments with technical expertise to manage tax systems and close tax loopholes.

Recommendations:

Press Release: Embargoed 25 March 2014 00.01hrs GMT

1. Countries should aim to raise at least 20% of their GDP in taxes by stopping harmful tax exemptions, cooperating to fight tax avoidance and evasion, and diversifying their tax base.
2. Donor countries and other international partners should help governments to strengthen their tax systems and combat corporate tax avoidance.
3. International partners should build a stronger multilateral tax regime to tackle tax evasion and avoidance while putting domestic revenue generation at its centre.
4. Governments should commit at least 6% of GNP and 20% of their budgets to education. These targets should be included in the post-2015 international education goals.

ENDS

- For more information, interviews, photos, or the full policy paper, please email Kate Redman on k.redman@unesco.org.
- To find out more about ActionAid's Tax Power campaign contact: Tricia O'Rourke on tricia.orourke@actionaid.org or +44 7850 312 438

NOTES to Editors

The EFA Global Monitoring Report is developed annually by an independent team and published by UNESCO.

More information on the EFA GMR can be found via the following links: www.efareport.unesco.org/ / @efareport

- The EFA Global Monitoring Report lays out clear targets for financing present and new ambitious education goals after 2015, advising that countries need to raise 20% of GDP in taxes, commit 6% of GNP to education and allocate at least 20% of their budget to education.
- The paper analyzes the 67 low and middle income countries with data on tax/GDP ratios and government spending on education. It projects the potential extra funds that could be raised for education if countries increased their tax/GDP ratio by between 0.44 and 1.25 percentage points per year depending on their starting point, and all allocated 20% of their budget to education.
- Individual country breakdowns, showing the amount each could raise in additional revenue from better managed tax systems, and by dedicating a fifth of their budgets to education, can be found here: <http://www.unesco.org/new/en/education/themes/leading-the-international-agenda/efareport/reports/2013/2013-report-epub-en/#138>
- Currently, only 41 of the 150 countries with data spent the recommended 6% or more of their GNP on education in 2011. Only seven of the 67 countries with data reach the 20% threshold on both other indicators.

ActionAid is a global movement of people working together to achieve greater human rights for all and defeat poverty. We believe people in poverty have the power within them to create change for themselves, their families and communities. ActionAid is a catalyst for that change.

For more on ActionAid's Tax Power campaign visit: <http://www.actionaid.org/tax>

Tax Justice Network-Africa (TJN-A) is a Pan-African initiative established in 2007 and a member of the Global Alliance for Tax Justice. TJN-A seeks to promote socially just, democratic and progressive taxation systems in Africa. TJN-A advocates pro-poor taxation and the strengthening of tax regimes to promote domestic resource mobilization. TJN-A aims to challenge harmful tax policies and practices that favor the wealthy and aggravate and perpetuate inequality