



AFRICAN FORUM AND NETWORK
ON DEBT AND DEVELOPMENT



PRESS RELEASE

Africa Rising? - Inequalities and the Essential Role of Fair Taxation Report Launch

Unprecedented economic growth in a number of African countries is going hand in hand with soaring inequality which national tax systems are failing to address, according to a new report- **Africa Rising? - Inequalities and the Essential Role of Fair Taxation Report**. The report will be launched by the African Forum and Network on Debt and Development (AFRODAD) in collaboration with Tax Justice Network Africa (TJN-A) and Christian Aid (CA) at 18:00hrs, 26th of February 2014 at Holiday Inn Hotel in Harare, Zimbabwe.

The report reveals that tax is one of the most potent tools at governments' disposal to address inequality, but tax systems in many African countries do not currently fulfil that function. Instead the current taxation systems disadvantage the poor. Tax dodging and illicit financial flows facilitated by off-shore secrecy have undermined the distributive role of taxation.

Its authors, TJN-A and Christian Aid (CA), say the surge in inequality is not simply the result of the rich getting richer. Instead, there is clear evidence that in many cases growth is taking place at the expense of the poor, who are becoming increasingly impoverished.

TJN-A Spokesperson, Alvin Mosioma, says the findings show that inequality is becoming a problem that should be of 'huge concern' to most of the governments concerned. "It has been exacerbated by the growth model in many countries which has seen a concentration of income. It also reflects the inability of governments to tax the proceeds of growth, either because so much is given away in corporate tax breaks, or has escaped offshore into tax havens."

This report builds on an earlier study conducted by AFRODAD on, "*What has Tax got to do with Development: A Critical Look at Zimbabwe Taxation Systems*," which recommended the Zimbabwean government to balance between the need to raise revenue and alleviate the plight of the poor.

Commenting on the TJN-A and CA report, AFRODAD Executive Director, Dr. Collins Magalasi, says, the negative impacts of illicit outflows, tax avoidance and corruption that exacerbate inequality in Africa in general and Zimbabwe in particular cannot be underestimated. Hence the need for African governments to embrace global cooperation in nipping tax dodging and its vices of transfer-pricing and trade mis-invoicing in the bud once and for all. African governments also need to prioritise the building of fair taxation systems as one surest way of enhancing Africa's domestic resource mobilisation efforts towards financing for development that will ensure an end to inequality and the scourge of poverty in line with the continent's Millennium Development Goal number 1.

The TJN-A and CA report investigates income inequality in eight sub-Saharan countries of Ghana, Kenya, Malawi, Nigeria, Sierra Leone, South Africa, Zambia and Zimbabwe, and examines the ability of the tax systems in each to redistribute wealth juxtaposed against international taxation systems.

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