

Fair Share

The Inequality Challenge. Innovative Solutions for a Global Issue

The Challenge

Brazil is the 9th most unequal country on the planet, according to UNDP (2018). Here, the richest 5% have 50% of the national income share, and six Brazilians have as much wealth as the bottom 50% of the population. There are several reasons that explain Brazilian inequalities. The country's tax system is one of the most important ones.

According to Oxfam Brasil's last calculations (2017), while the top 10% spend 21% of their average income on taxes, this share is 32% in the case of the poorest 10%. This occurs because of low income and wealth tax for the richest, as well as strong reliance on taxation on goods and services, which weighs heavily on the poorest and middle classes' pockets.

While the general population believes that 'tax is evil', very much so because of various campaigns against taxation in general, the real issue is the unfairness of the tax burden. The challenge is to expose it in order to empower the poorest Brazilians and change the narrative of the Brazilian tax system, from 'less taxation' to 'fair taxation'.

The Objective

The main objective of the 'Fair Share' project is to start shifting the terms of the debate about taxation. Oxfam Brasil believes there is ground for improvements in that direction in Brazil and the project aims at making a difference in this process.

Project title	Fair Share Project
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Country	Brazil
Implementing Organisation	Oxfam Brasil
Duration	July 2018 – September 2019

The Target Group

This project addresses the most vulnerable people in Brazil, the bottom of the social pyramid that pay many taxes and depends most on public services. More specifically, the target group consists of the bottom 40% of the population, whose average incomes are no bigger than R\$ 577,00 (EUR 150) per month, less than the Brazilian minimum wage.

Among this group, poor black women are the majority. Two thirds of Brazilian black women are in the bottom 40% of the population.

The Approach

Oxfam Brasil's 'Fair Share' project is a tax calculator, which will provide basic information on citizens' current individual tax burden, simulating new and fairer tax burdens under scenarios of progressive tax reforms in order to provoke public debate around 'who pays the bill in Brazil'. It will do this through non-technical language that reaches the most vulnerable people, notably Brazilian black women.



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The project is threefold:

1. It will develop a content background that will serve as a basis for the calculations and scenarios and will be transformed into a brief report;
2. It will create a detailed description of the methodology of the tool (to be used in other countries); and
3. most important and interesting – it will develop the tool itself! It will be available online and in an offline version (electronic scoreboard) to communicate and campaign with the public.

The Milestones

Oxfam Brasil has taken the initial steps.

On the one hand, the project team has been working on the alliance bit of the project to ensure that there are partners that will help reaching the target groups, keep content coherence and therefore create real change. In this sense, Oxfam Brasil talked to Brazilian Non-Governmental Organisations like the *Instituto de Estudos Socioeconômicos* (Inesc) and *Instituto de Justiça Fiscal* (IJF) as well as two associations of tax collectors who are running a 'Fair Tax Reform' campaign (*Associação Nacional dos Auditores Fiscais da Receita Federal* (Anfip) and *Federação Nacional do Fisco Estadual e Distrital* (Fenafisco)). It

also contacted social movements and Civil Society Organisations gathered in a national campaign for the strengthening of the welfare state (*#DireitosValemMais* campaign).

On the other hand, the project has advanced the creative process with two sets of actions:

1. in-house workshops to gather learning within the Oxfam world (especially in the Latin-American and Caribbean region) and brainstorm around the tool; and
2. mapping out agencies who can help develop innovative and inspiring tools, a real mind changing tool.

Besides these two processes, the project has been in touch with specialists to identify who could provide the background information that will serve as a basis for the tool and is, at the same time, connected to the tax reform that the progressive Brazilian civil society is supporting.

In the next months, the many dots of the 'Fair Share' project will come together, opening ground for the launch of the calculator early 2019 when the new legislative mandate begins and when Brazilians must do their tax declarations. The timing for this project is good, the context is favourable for the debate and the challenge of changing the tax system to reduce inequality in Brazil is bigger than ever. At the same time, however, the current political context can present some challenge.

About the Inequality Challenge

The Inequality Challenge supports innovative approaches that tackle inequality and the 'leave no one behind' principle of the 2030 Agenda with the ultimate goal to integrate and upscale those approaches into German Development Cooperation's portfolio. Initiated by the German Ministry for Economic Cooperation and Development (BMZ), it supports ten projects in India, Bangladesh, Cambodia, Mongolia, Jordan, Serbia, Nigeria, Mauritania, Brazil and Mexico with up to 100,000 EUR.

GIZ manages the Inequality Challenge. For further information, please visit www.inequality-challenge.com or contact Tiffany Sacher, fundmanagement@giz.de.

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