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Research in Brief

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Toilets Not Taxes: Gender Inequity in Dar es Salaam's City Markets

Summary of ICTD Working Paper 89

Are taxation systems in Africa biased against women? This is a hard question to answer and there is very little literature on the topic. Gender biases of personal income tax systems in developed countries have been well documented but play a limited role in the context of developing countries - where only a small proportion of the population is working in the formal sector. Looking at formal employment markets and taxation systems in environments where a high proportion of women earn their living from small scale trading (such as in many African countries) might not reveal all patterns of use or funding of collective goods and services. It may consequently fail to reveal the impact of this on society in general and women in particular.

To throw more light on this issue, we examined relative tax burdens of male and female traders in 9 city markets in Dar es Salaam. We started by focusing on taxes because the existing literature implied that this is where we might find gender biases.

Market taxation in Dar es Salaam – a gender equal tax system?

To some extent, our findings differ from those of other researchers who have studied market taxation in Africa from a gender perspective. We found no evidence of gender bias in the way market traders are taxed. Female and male traders seem to pay the same market taxes, in much the same ways. There was no suggestion of sexual harassment of female traders by tax collectors – most of whom are male. Further, female and male traders had very similar opinions on major issues of market organization.

More generally, our research highlights a number of challenges that market traders

are facing at their places of work. These challenges range from insufficient sewage and rubbish collection systems to poor quality, expensive toilets and trouble with the private security companies guarding the traders' goods at night. These are mostly issues of general or collective interest for all market traders and their customers, with one specific exception with very important gender implications: the quality and cost of toilets in markets.

The cost of toilet fees

The most surprising finding of our research is that toilet fees constitute a considerably higher financial burden than the official market tax for the vast majority of traders, especially for female traders. The daily market tax rate at most markets we visited lies between TZS 100 and TZS 200 (USD 0.04 to USD 0.09) per trader while the toilet fee ranges from TZS 200 to TZS 300 (USD 0.09 to USD 0.13) for each usage. Women are doubly disadvantaged. Firstly, men can more easily avoid toilet fees by going around the next corner or to the next bush. This is a rampant and more or less tolerated practice for men in Tanzania. For women the issue is very different. Several studies have highlighted that using such 'open toilets' not only increases women's vulnerability to shame but also raises the risk of sexual assaults. (Shirley 2012; Srinivasan 2015). Secondly, women also need to use toilets more frequently than men, especially during menstruation and pregnancy. Consequently, the women we talked to stated that they are making use of the toilet facilities on average 6 times per day, while men stated that they use the toilets only 4 times per day. On an average day, female market traders pay up to TZS 1,800 on toilet fees.

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This means that many female traders pay 18 times more for their daily use of the market toilets than their daily market tax.

Viewing the toilet fee in relation to the income of a petty market trader, highlights the real financial burden that the toilet fees pose on female traders. The average daily gross income of petty market traders lies at TZS 9,200. It does not require any further discussion that paying close to **a fifth of their daily gross income as toilet fees** is utterly disproportionate and inhibits women from earning a dignified salary and growing their businesses.

Are toilet fees taxes?

But is this a taxation issue? A reader specialized in taxation in the conventional sense of the term might respond: “This is of course a serious problem, but it is about public service provision, not about taxation. Toilet fees are service charges, not taxes.” They might even add: “You are distorting the discussion of taxes in Africa to serve a particular agenda relating to women”. We do not agree with them.

The conceptual distinction between taxes and service fees is quite clear. A tax is a mandatory financial charge imposed upon a taxpayer by a governmental organization in order to fund various public expenditures. The taxpayer has no claim to any specific reciprocal benefit. A user fee however is charged to fund the specific service: if you use a service, you pay for it. If not, you do not pay. The fee is proportional to the use of the service (Spitzer 2003).

In practice, however, the distinction between a tax and a user fee is often very blurred. Most public funding of social security, for example, is achieved through a complex mixture of these two pure principles. Old-age pensions, unemployment benefits, or social transfers for people on low incomes would clearly qualify as user charges if all the revenue was used for the purposes listed above, if it were only used for that purpose, and if payments were in some way proportional to contributions. But this is not always the case.

Sub-national and local governments frequently raise a great deal of their income

from what formally constitute service charges: for street cleaning, for garbage clearance and sewage services, for the provision of water and electricity, for vehicle parking and for the provision of sports services of various kinds. However, a deep concern to correlate the actual level of charges made to users with the costs of providing the service is rare. Some users are subsidized. Others find that they are in effect being taxed because their local government is using service provision as a way of raising revenue. National governments often do the same through their ownership and control of airports, ports, toll roads, railroads and electricity supplies.

In many of the above listed cases we cannot clearly say whether we are talking of taxes or user charges and the same is true for toilet fees.

Why is this relevant?

Our underlying motivation for conducting this research was to examine how far the modes of funding the provision of collective services in those market places are adequately serving the interests of society in general, and of women in particular. All public goods – water, cleanliness, garbage disposal, shelter, security – are underfunded. That seems to impact men and women equally. But the underfunding of toilets, and the charges that are made for the use of them, has a differential and adverse impact on women, especially market traders, but also their female customers. Women require toilets more frequently than men do; and have fewer alternatives.

The main lesson that can be drawn from this research is that the answer to the question about the gender dimensions of taxation in Africa strongly depends on how wide you cast your net. A focus on officially labeled taxes might in many cases be too narrow when researching the complex linkages between gender and taxation in the informal sector of developing countries. Therefore, a broad approach that includes all financial charges imposed upon actors in the informal sector to fund collective services might be the better way to capture the actual effects of taxation on gender equality in Africa.

Further reading

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Credits

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