THE UN FRAMEWORK CONVENTION ON INTERNATIONAL TAX COOPERATION

What It Is & What It Means for Kenyan Youth

READ

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What is the UN Framework Convention on International Tax Cooperation (UNFCITC)?

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Think of it like this:

Currently, global tax rules are like a members-only club where a few wealthy countries write the rules and everyone else must follow. The Organization for Economic Co-operation and Development (OECD) is the current custodian of global tax rules. The OECD Model Tax Convention on income and capital has been the benchmark for the negotiation, interpretation and application of tax treaties since 1963.

The Problem:

- The Organisation for Economic Co-operation and Development (OECD) has 38 member countries. OECD members are highly developed countries with advanced economies typically considered efficient and high-income.
- No African sovereign state is a member of the OECD
- Yet all African countries are expected to apply OECD rules
- Africa has no seat at the table where the rules are made

The UNFCITC is about creating a new club one where every country, big or small, has an equal voice in setting the rules..

It is a legally binding treaty that aims to:

- 📜Establish fair rules for taxing multinational corporations and high net worth individuals
- 💰 Stop profit shifting to tax havens
- 🔍 Increase transparency and information sharing
- 🌍 Give developing countries a stronger voice in global tax governance
- Ensure that taxes collected are used for sustainable development.

"The UNFCITC is not a technical exercise for tax experts. It is a structural intervention to address the fiscal crises that have crippled African economies and constrained the futures of its youth."

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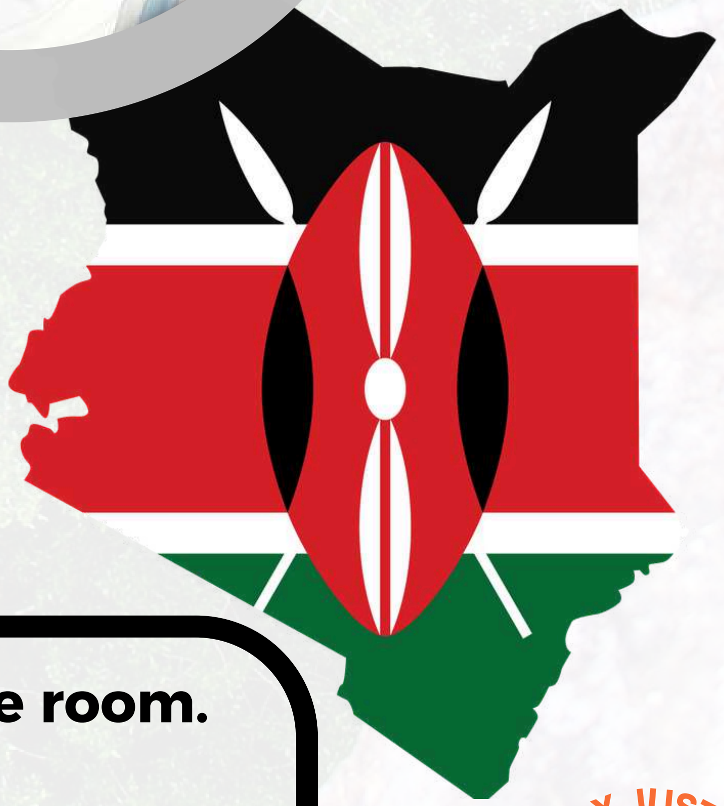
Why does this matter?

A System Rigged Against Kenya

Because no African sovereign state is a member of the OECD:

- 🇰🇪 Kenya has no seat at the table where global tax rules are made
- 📝 Kenya must follow rules it had no role in creating
- 💰 Multinational corporations exploit loopholes designed by wealthy countries
- 🏝️ Profits earned in Kenya are shifted to low-tax jurisdictions



The result:

- �� A multinational tech company can earn billions of shillings from Kenyan users
- 🏢 It has no physical office in Kenya
- 💰 It pays no corporate tax in Kenya
- 🏝️ Its profits are shifted to a low-tax country (tax haven)

This is perfectly legal under current rules because the rules were written without Kenya in the room.

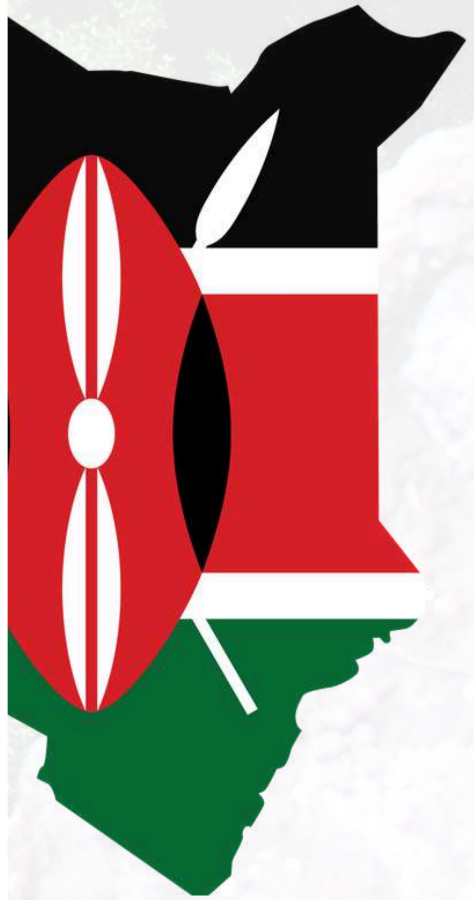
The result? You pay higher taxes on bread, fuel, and mobile money while billion-dollar corporations pay nothing.

Why Should Kenyans Be Concerned?

The Fiscal Crisis in Kenya

Kenya's Government Has a Revenue Problem:

Indicator	Current Status
Tax-to-GDP Ratio	13% (well below African average)
Public Debt	KSh 12.4 trillion ($96 billion) – 67.6% of GDP
Debt Servicing	Nearly 60% of government revenue goes to interest payments
Illicit Financial Flows	Kenya loses KSh 200 billion annually
Corruption & Tax Loopholes	Losing KSh 194 billion annually



The result: The government cannot fund schools, hospitals, or jobs.

The Ballooning Debt Crisis

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Why Is Kenya's Debt So High?

The government has no money because:

1. 💸 Most Multinational corporations avoid paying taxes in Kenya because they don't have physical presence in Kenya.
2. 💰 Illicit financial flows drain KSh 200 billion annually
3. 📊 Tax-to-GDP ratio is only 13% far below what is needed to finance the budget.
4. 🏛️ Corruption and tax loopholes lose KSh 194 billion annually

So the government does what any struggling family would do, it BORROWS.

But there's a problem:

Debt servicing is now consuming nearly 60% of government revenue.
That means for every KSh 100 the government collects:

- 💰 KSh 60 goes to paying back loans and interest
- 🏫 KSh 40 is left for everything else, schools, hospitals, roads, security, and youth programs

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The Debt Trap Explained

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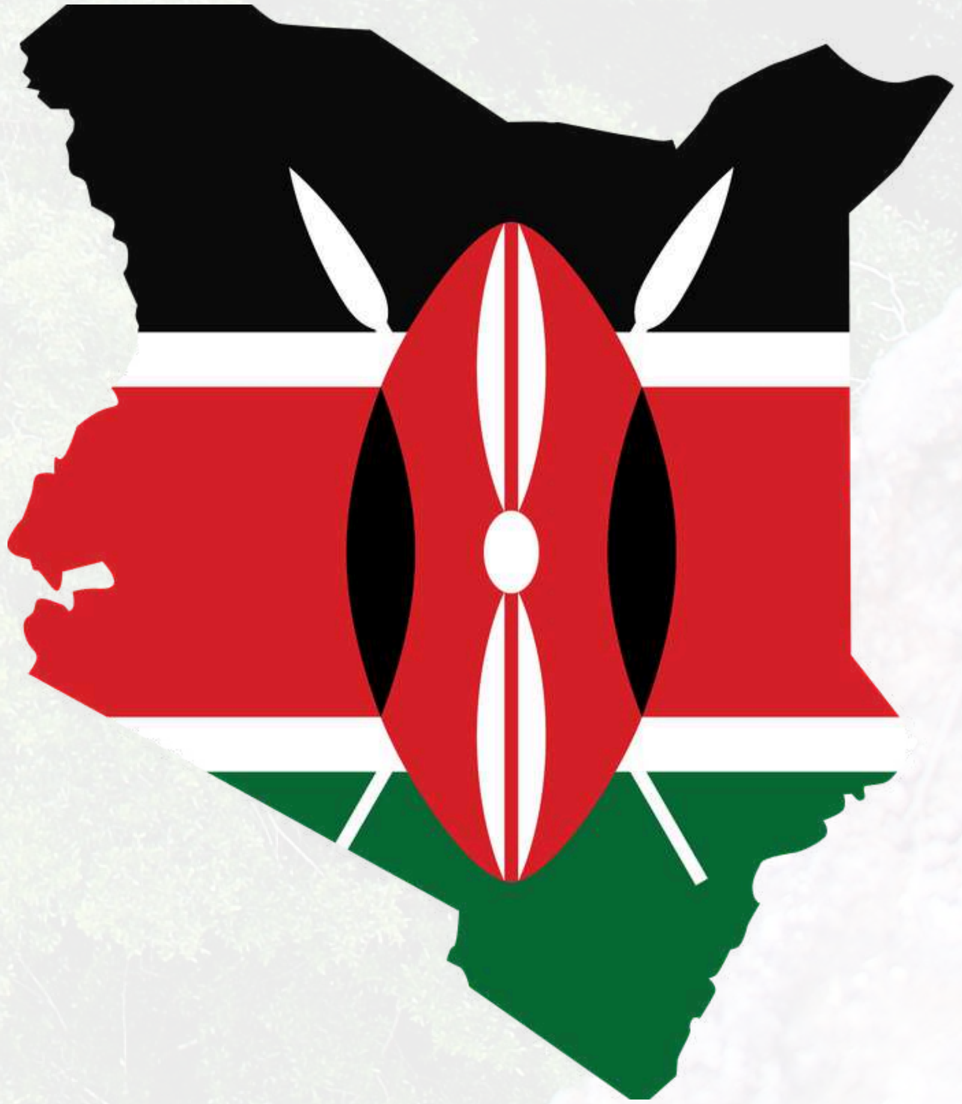
A Vicious Cycle

This is what happens



1. 💰 Kenya cannot tax multinational corporations operating in its market
2. 📊 Government revenue is insufficient to fund public services
3. 💳 Government borrows to fill the gap
4. 📈 Debt grows and interest payments balloon
5. 🔁 Debt servicing consumes nearly 60% of revenue
6. 📉 Less money available for education, health, and youth programs
7. 🏦 Government imposes regressive taxes on ordinary citizens
8. 😡 Youth protest (#RejectFinanceBill2024)
9. 🔄 Government borrows more to cover the deficit

The UNFCITC breaks this cycle at Step 1: taxing multinational corporations fairly.

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The Human Cost – What This Means for You

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Kenya's Youth Employment Crisis

The Numbers:

- 📊 Nearly 12% of young people aged 15–24 are unemployed
- 📊 More than 31% of youth are unemployed or under-employed
- 📊 67% of Kenyan youth face unemployment
- 📊 Over 1 million young people enter the labour market every year
- 📊 Only 1 in 10 new jobs created are in the formal sector

When 60% of government revenue goes to debt servicing, there is nothing left to create jobs for YOU.

This is not because you lack potential. This is because the system is broken.

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The Human Cost – Regressive Taxation

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Who Pays the Price?

When governments cannot tax multinational corporations, they turn to YOU.

The 2024 Finance Bill proposed taxes on:

- 🍞 Bread – 16% VAT
- 📱 Mobile money transfers
- 🚗 Cars
- 🩸 Menstrual products
- 👶 Diapers

The injustice:
"When a billionaire and a motorcycle/taxi driver pay the same tax on a litre of fuel, the burden of that tax is vastly heavier for the driver."

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Why the Convention Matters for Kenya

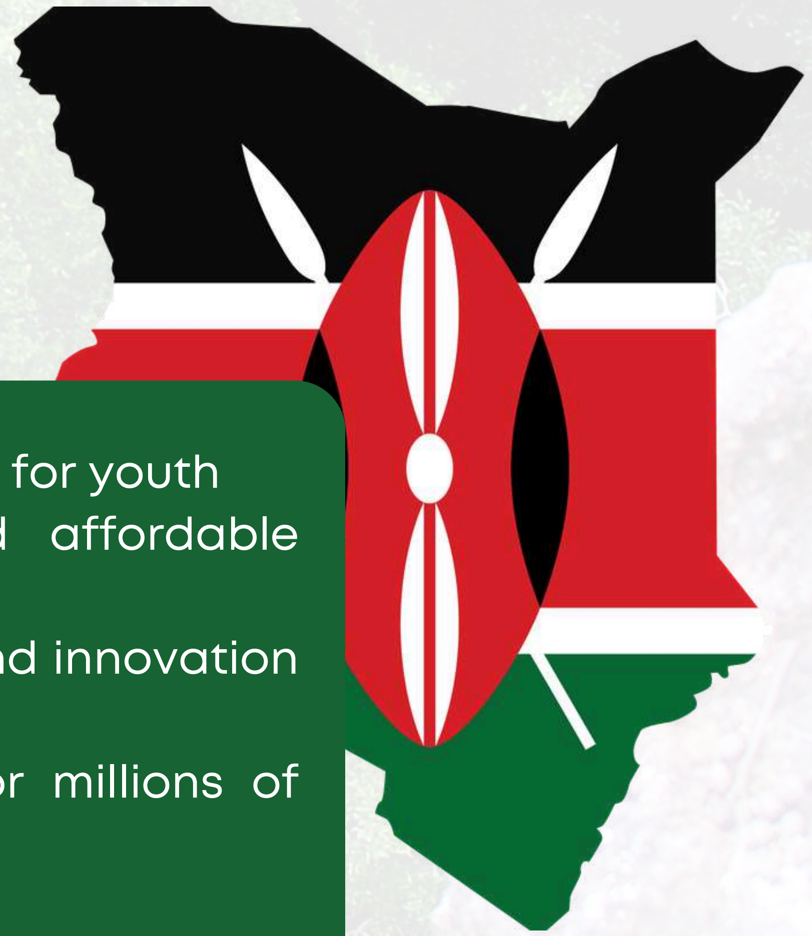
Unlocking Billions in Revenue

The Convention could:

- 📈 Unlock billions in additional tax revenues for Kenya
- 💻 Give Kenya more power to tax digital giants like X, Facebook.
- 🛡️ Strengthen the fight against illicit financial flows
- ⚖️ Close loopholes that allow companies to shift profits to low-tax jurisdictions
- 🏛️ Give Kenya a stronger voice in setting international tax standards

This is money that could be invested in:

- 🏫 Education – skills training and jobs for youth
- 🏥 Healthcare – accessible and affordable services
- 🌍 Infrastructure – roads, internet, and innovation hubs
- 💼 Job creation – decent work for millions of young Kenyans



Why Youth Should Be Concerned

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Your Future Depends on These Negotiations

The rules being negotiated today will:

- 📅 Shape the global economy for decades
- 💰 Determine how much revenue Kenya can raise to fund its budget
- 🏫 Decide whether your government can fund education, health, and jobs
- 🔮 Determine whether you inherit opportunity or debt

The UNFCITC will be finalized in 2027.
"When decisions that impact youth futures are made in their absence, they automatically become decisions against their future."

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What You Can Do

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Your Voice Matters

1. Get Informed

- 📚 Learn about the UNFCITC and its implications to the Kenyan context
- 📖 Read YTJN's simplified guide on the Convention
- 📺 Watch videos and attend webinars on tax justice

2. Speak Up

- 📱 Use social media to demand tax justice using blogs, videos, graphics with evidence.
- 🗣️ Join online and offline campaigns (#UNTaxConvention, #Youth4TaxJustice)
- ✍️ Write to your leaders and demand they support fair tax rules (Kenya is heading to the polls next year. Ensure that aspiring leaders are in support of fair tax rules and easing the tax burden on youth).

3. Organize

- 📋 Participate in the framework Convention negotiations especially the Nairobi session. (YTJN is specially accredited to participate in the negotiations till 2027. We are happy to provide accreditation for interested youth as long as you contact us early enough).

4. Connect

- 📲 Join the YTJN WhatsApp group for updates
- 🐦 Follow YTJN on social media
- 📧 Contact info@ytjn.org to get involved

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The Bigger Picture

From Protest to Policy




The Kenyan Gen Z protests showed that young people will not accept injustice quietly. Now, take that energy to the global stage.

The UNFCITC is your chance to:

- 🌍 Shape the rules that govern the global economy
- 💪 Demand accountability from governments and corporations
- 📜 Ensure that the next Finance Bill doesn't target YOU

The UN Framework Convention on International Tax Cooperation

THANK YOU FOR YOUR ATTENTION!

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