



Ministerie van Buitenlandse Zaken

Breakout Session 1F

Policy Coherence

14 June 2017



From the ATI Declaration

Commitment 3: Ensuring Policy Coherence

All participants will ensure that relevant domestic tax policies reflect the joint objective of supporting improvements in domestic resource mobilisation in partner countries and applying principles of transparency, efficiency, effectiveness and fairness.

SDG Target 17.14 - Enhance policy coherence for sustainable alternative development.



What is PCD?

Policy coherence for sustainable development (PCSD) is an approach and policy tool for integrating the economic, social, environmental and governance dimensions of sustainable development at all stages of domestic and international policy making. Its main objectives are to increase governments' capacities to:

- Foster synergies across different policy areas: whole of Government approach.
- Identify trade-offs and reconcile domestic policy objectives with internationally agreed objectives.
- Address the spillovers of domestic policies.



What does PCD mean for DRM?

- Development partners:
 - Consistency between for instance aid policy and tax policy> Adherence to international agreements.
- Partner countries
 - Consistency in national policy: which other national policies might harm DRM and how can DRM contribute to national policy (for instance: policy to attract foreign investment and policy to reduce poverty)

Example: which national actors are involved in fighting IFFs? Is there a national policy? A national coordination-mechanism?

REQUEST: Identify areas in your country that are relevant for Policy Coherence



PCD in Development Partner (Donor) Countries

- Are tax laws/practices in donor country doing harm to objective of DRM in developing countries?
 - Fighting tax avoidance and tax evasion
 - Illicit Financial Flows (Tax evasion, AML)
 - Tax treaty shopping
 - Unfair policies that lead to double taxation or double non-taxation
- Import tariffs discourage importation of finished products
- Does the donor ask for tax exemption in developing partner country?
- Tax transparency: AEOI, CbCR and UBO



What are PCD issues in partner countries?

- Consistency in policy (whole of government action)
- Tax incentive policy undermines efforts to raise DRM
- Taxation is regarded as unfair (inequality/fight against poverty) and conflicts with SDGs:
 - Tax evasion
 - Tax avoidance
 - Unfair tax systems (VAT)
 - Large informality
 - Wealthy individuals pay only little or no tax
- Stakeholder participation.



Policy coherence issues in DRM

Development Partners (Donor countries)	Partner Countries



Discussie:

- In which of the areas can ATI in particular play a role to pursue Policy Coherence?