International Support towards Tax Reform in Africa

Findings from the 2015 ATI monitoring

This paper is based on a presentation of Jasmin Froehling, coordinator of the International Tax Compact, held at the 3rd International Conference on Tax in Arica under the theme "Building Strong Domestic Tax Regimes in Africa", from 25 to 29 September 2017. The following summarises relevant findings from the [2015 ATI Monitoring Report](). The data presented is based on the OECD DAC data (reported under the DRM code 15114) with adjusted data for the EU institutions, the Netherlands and the United Kingdom.

An overview of all projects carried out in the area of DRM worldwide is provided in the ***DRM Database.*** *->* ***https://drm.taxcompact.net/***

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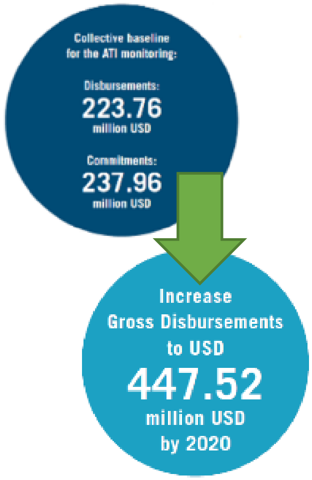
Introduction

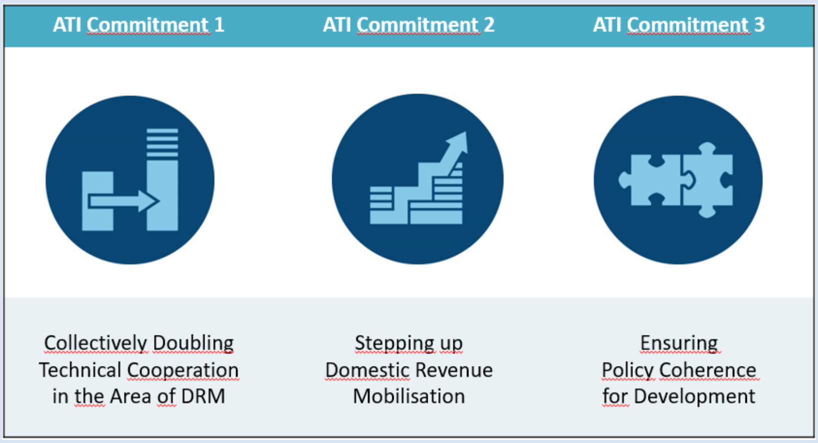
In the context of the global efforts towards achieving the Sustainable Development Goals, the level of interest by countries to improve their revenue systems in order to finance their development agenda until 2030 has risen significantly.



In 2015, the 20 ATI development partners[1] in the area of domestic revenue mobilisation (DRM) spent **223.76 million USD to provide technical assistance for improving DRM in over 80 partner countries worldwide.** Recognising the importance of mobilising and effectively using domestic revenues to achieve sustainable development, these development partners have committed to **double their assistance in the area of DRM to 447.53 million USD by 2020.**[2]

Addis Tax Initiative (ATI)

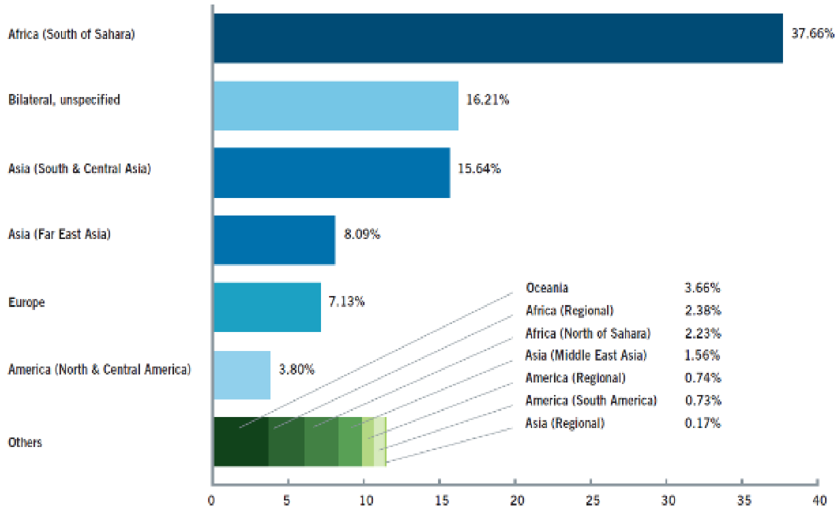
The Addis Tax Initiative (ATI) is a multi-stakeholder partnership of development partners and partner countries that aims to catalyse significant increases in domestic revenue and to improve the transparency, fairness, effectiveness and efficiency of tax systems in partner countries. Launched at the Third Financing for Development Conference in 2015, the ATI provides a dynamic framework for action to enable partner countries to increasingly rely on domestic revenue to fund their development agenda and meet the SDGs by 2030.



[1] Australia, Belgium, Canada, Denmark, European Commission, Finland, France, Germany, Ireland, Italy, Korea, Luxembourg, Netherlands, Norway, Slovakia, Slovenia, Sweden, Switzerland, United Kingdom and the United States.
[2] Gross disbursements.

DRM Support in Africa

Regional Distribution of ODA Support (% of Total Support)

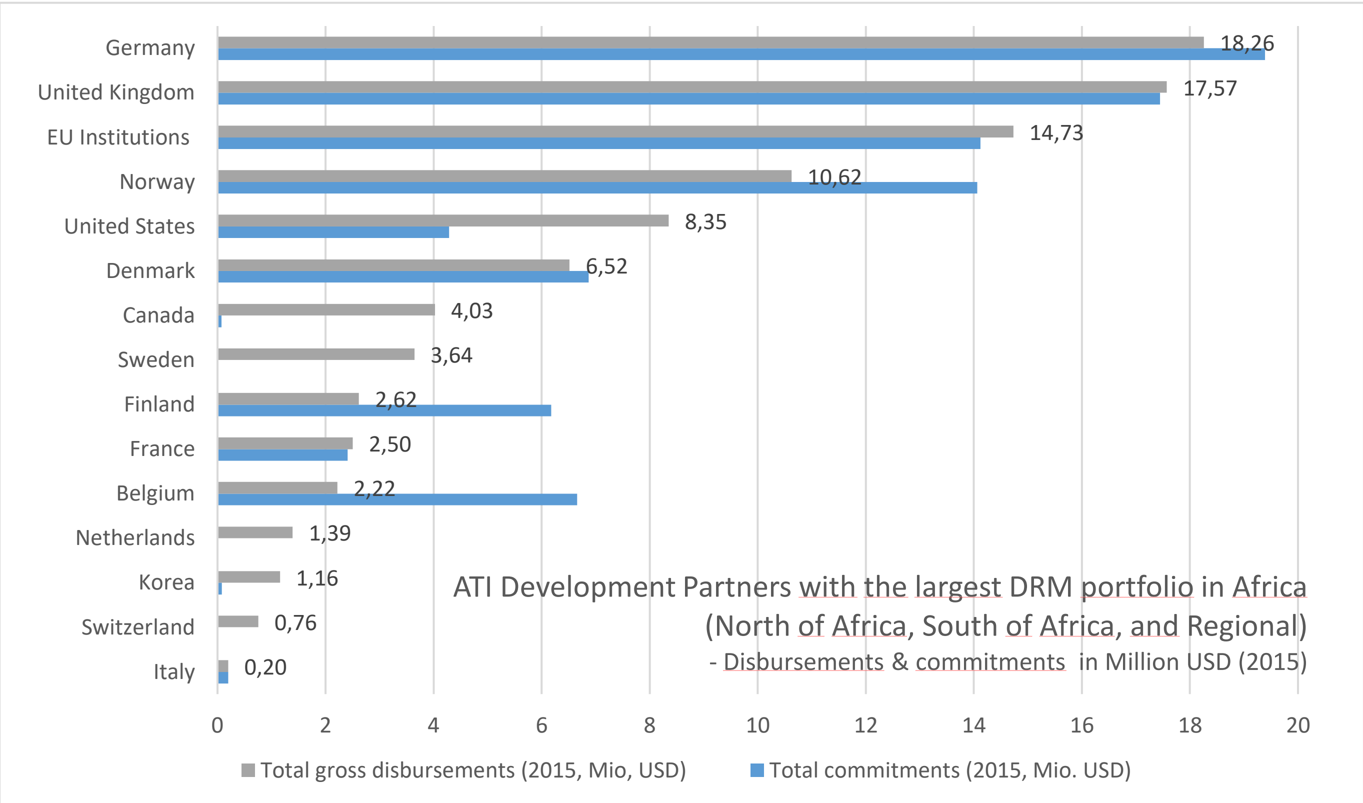


In international comparison, partner countries in Africa represent the primary destination for official development assistance (ODA) dedicated to domestic revenue mobilisation. In 2015, the ATI development partners **allocated 94.57 million USD to DRM projects in Africa[3], which is 42.3% of the global ODA-funding for DRM-related projects.** Seven of the top ten largest recipient countries of technical assistance to DRM were African countries: Tanzania, Mozambique, Zambia, Ghana, Kenya, Tunisia and Rwanda.

Top Development Partners in Africa

Considering the provision of funding for DRM-related projects worldwide, the United Kingdom has the largest portfolio of activities, providing 47.56 million USD for DRM-related projects, followed by the EU Institutions (37.26 million USD), the United States (36.38 million USD), Germany (32.79 million USD), and Norway (13.73 million USD).

In Africa, **Germany has the largest DRM portfolio (18.26 million USD)**, followed by the United Kingdom (17.57 million USD), the European Union (14.73 million USD), Norway (10.62 million USD) and the United States (8.35 million USD). Taken together, these five countries deliver DRM assistance valued at 69.53 million USD, which represents 73.5% of all ODA-support for DRM into Africa.

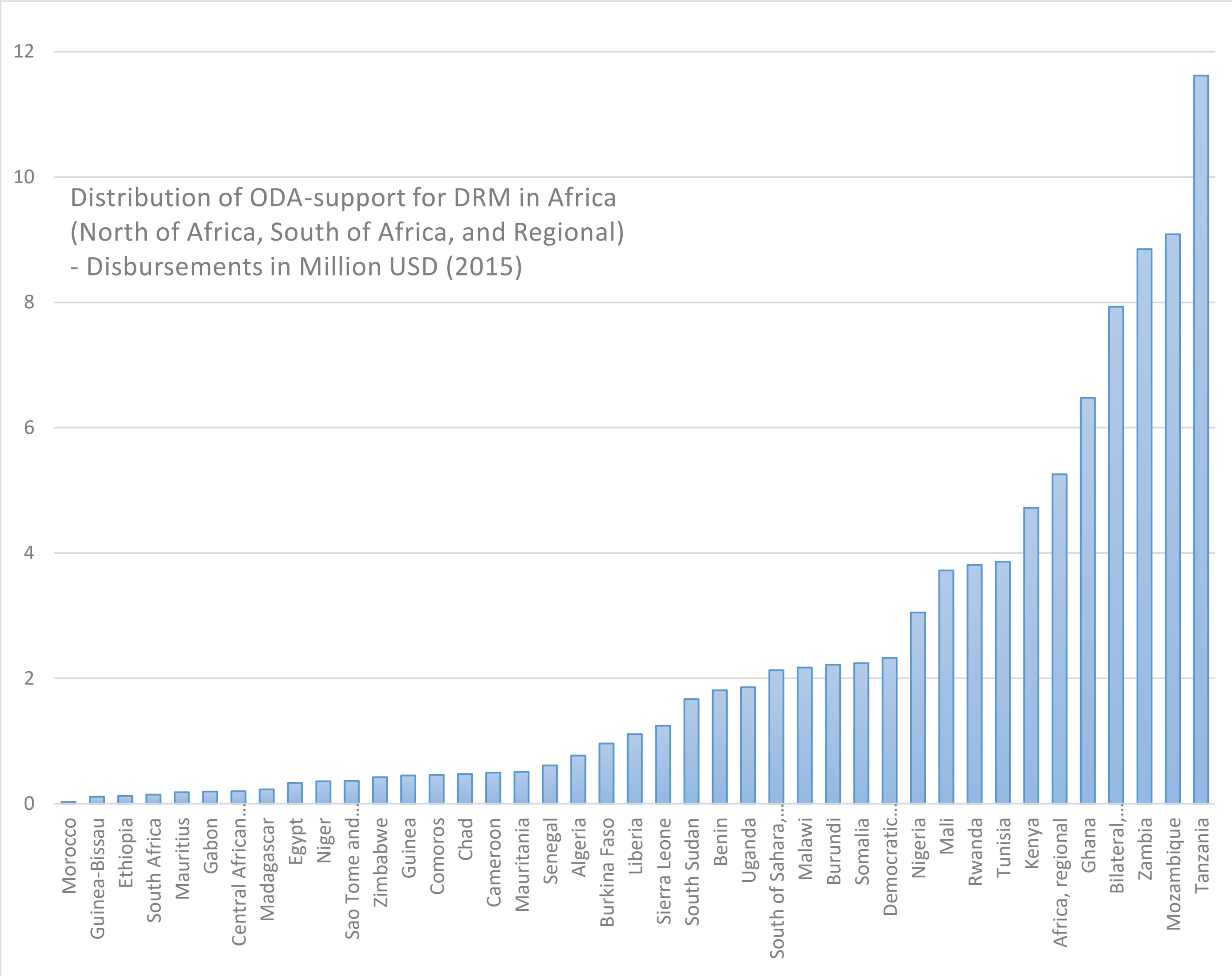


[3] A bilateral donor that is not member of the Addis Tax Initiative and supports domestic revenue mobilisation in Africa is Japan (2015 disbursements: 80,321 USD).

Distribution of ODA support in Africa

The OECD DAC data show that some partner countries benefit considerably more than others from funding provided by development partners and that the allocation of disbursements to fund DRM-related projects is concentrated on only a handful of countries. **The top five beneficiaries of DRM-support in Africa – Tanzania, Mozambique, Zambia, Ghana, and Kenya – receive 40.76 million USD of development assistance.** This represents 43.1% of the support in the region, and 18.2% of all ODA support for DRM worldwide.

At the same time, **many least developed partner countries in Africa have little or no access to (bilateral) development support** and funding for projects to enhance the mobilisation of domestic revenue. In fact, nine of the ten least developed partner countries worldwide that receive the least support to improve DRM are from Africa: Guinea-Bissau, Ethiopia, Central African Republic, Madagascar, Niger, Sao Tome and Principe, Zimbabwe, Guinea, and Comoros.



Per-Capita Distribution of ODA support in Africa

Looking at the per-capita distribution of ODA-funding to improve DRM**,** the amount of DRM assistance relative to the demographic size of each country, confirms the uneven allocation in Africa between the countries receiving the most and those receiving the least support to improve DRM, ranging from 0.07 ct. (Morocco) to 57.69 ct. (Comoros) per capita. In fact, in 2015, **40% of the partner countries in Africa receive less than 5 ct. per capita of development assistance to improve their domestic revenue collection**.